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Report of the Secretary-General

Summary

The present report has been prepared pursuant to paragraph 18 of Economic and Social Council resolution 2012/27. It begins by highlighting key resolutions adopted by the Governing Council of the United Nations Human Settlements Programme (UN-Habitat) at its twenty-fourth session. It also describes the activities undertaken by UN-Habitat in cooperation with other agencies and organizations across the United Nations system in the coordinated implementation of the Habitat Agenda at the global, regional and national levels.

The report concludes with five recommendations in which Member States are called upon to (a) support the preparations for the third United Nations Conference on Housing and Sustainable Urban Development (Habitat III), to be held in 2016, through voluntary contributions to the Habitat III trust fund; (b) start the preparation of national reports for the Habitat III preparatory process; (c) give appropriate consideration to the role of sustainable urbanization and of cities and local governments in sustainable development in their contributions to the United Nations post-2015 development agenda; (d) allocate appropriate financial and human resources for slum upgrading and prevention and establish financing strategies that mobilize public subsidies and income generated by land regularization and reallocation processes; and (e) initiate processes to develop or strengthen national urban policies as a key strategy for national socioeconomic development.

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I. Introduction

1. The present report has been prepared pursuant to paragraph 18 of Economic and Social Council resolution 2012/27.

2. During the reporting period, UN-Habitat continued to broaden its cooperation with agencies and organizations across the United Nations system. Among the key vehicles for cooperation were: the United Nations System Chief Executives Board for Coordination, including its three pillars of the United Nations Development Group, the High-level Committee on Programmes and the High-level Committee on Management; the Executive Committee on Economic and Social Affairs; and the Executive Committee on Humanitarian Affairs. As in previous years, the Programme continued to provide technical inputs to reports of the Secretary-General and other relevant documents.

3. Outside the United Nations system, UN-Habitat continued to strengthen its relations with Habitat Agenda partners, including civil society groups, the private sector, professional bodies and research and training institutions.

4. Before the activities undertaken during the reporting period are described, key resolutions adopted at the twenty-fourth session of the Governing Council of UN-Habitat are highlighted below.

II. Decisions of the Governing Council of the United Nations Human Settlements Programme at its twenty-fourth session

5. Six significant resolutions highlighted below were adopted at the twenty-fourth session of the UN-Habitat Governing Council, held from 15 to 19 April 2013.

A. Inputs for and support to the preparatory process for the third United Nations Conference on Housing and Sustainable Urban Development (Habitat III)

6. In December 2012, the General Assembly, through its resolution 67/216, requested the Secretary-General of the third United Nations Conference on Housing and Sustainable Urban Development (Habitat III) to prepare, using the expertise of the United Nations system, a proposal for consideration by the Governing Council of UN-Habitat, at its twenty-fourth session, as to how best to provide inputs for and support to the preparatory process of the conference in the most inclusive, efficient, effective and improved manner and to proceed accordingly.

7. In response to that request, the Executive Director of UN-Habitat, in his role as Secretary-General of Habitat III, prepared a report on Habitat III (HSP/GC/24/2/Add.3), which was considered at the twenty-fourth session of the Governing Council. Having considered the report, the Governing Council adopted a resolution on inputs for and support to the preparatory process of the third United Nations Conference on Housing and Sustainable Urban Development (Habitat III), by which it took note of the report of the Executive Director on Habitat III and, among other things:

(a) Called upon Member States, using any available assistance and necessary guidance and support from UN-Habitat, and in consultation with relevant stakeholders, to form national Habitat committees where they do not exist and strengthen the existing national Habitat committees to ensure their effective and efficient participation in the Habitat III preparatory process, including the preparation of national reports;

(b) Invited Member States to carry out, before the first meeting of the Preparatory Committee for Habitat III, to be held in New York during the sixty-ninth session of the General Assembly, national reports which consider the implementation of the Habitat Agenda adopted at the Habitat II conference and of other relevant internationally agreed goals and targets, as well as new challenges, emerging trends and a prospective vision for sustainable human settlements and urban development, as a basis for the formulation of a "New Urban Agenda", in line with paragraph 6 of General Assembly resolution 67/216;

(c) Requested the Secretary-General of the Conference, using the expertise of UN-Habitat and of the United Nations system as a whole and, specifically, in cooperation with the United Nations regional commissions, and of other relevant international, regional and subregional organizations, to prepare regional reports drawing on the national reports as well as on available knowledge, resources and data, as inputs to the first and second meetings of the Preparatory Committee for Habitat III;

(d) Also requested the Secretary-General of the Conference, using the expertise of UN-Habitat and of the United Nations system as a whole and, specifically, in cooperation with the United Nations regional commissions, and of other relevant international, regional and subregional international organizations, to prepare a global report drawing on the national and regional reports as well as on available knowledge, resources and data, as inputs for and support to the preparatory process of the conference;

(e) Further requested the Secretary-General of the Conference to use planned regional and global meetings such as the seventh session of the World Urban Forum, sessions of the United Nations regional commissions and regular sessions of regional ministerial conferences on housing and urban development as well as of other relevant regional intergovernmental meetings, for the development of inputs to the preparatory process and invited the conveners of these events to facilitate dialogue on key issues in order to provide inputs to the first and second meetings of the Preparatory Committee for the Conference, while ensuring that the quality of participation and the outcomes are not compromised;

(f) Urged international and bilateral donors, as well as the private sector, financial institutions, foundations and other donors, to support the national, regional and global preparations for the Conference through voluntary contributions to the Habitat III trust fund and to support the participation of representatives of developing countries in their contributions to the Preparatory Committee meetings and the Conference itself.

B. Urbanization and sustainable urban development in the post-2015 agenda

8. Through the resolution on urbanization and sustainable urban development in the post-2015 agenda, the Governing Council requested the Executive Director of UN-Habitat, in consultation with the Committee of Permanent Representatives, to ensure that UN-Habitat contributes to the development and implementation of the post-2015 agenda in order to promote sustainable urbanization; and encouraged Governments and Habitat Agenda partners to give appropriate consideration in their contributions to the post-2015 agenda to sustainable urbanization, to sustainable urban development and to the role of cities and local governments.

9. That resolution was partly in follow-up to the outcome of the United Nations Conference on Sustainable Development, entitled "The future we want" (General Assembly resolution 66/288, annex), in which world leaders recognized, in paragraph 134, that if they are well planned and developed, including through integrated planning and management approaches, cities can promote economically, socially and environmentally sustainable societies. It was also in follow-up to paragraph 2 of General Assembly resolution 67/216, in which the Assembly encouraged giving appropriate consideration to sustainable urbanization in the elaboration of the post-2015 United Nations development agenda.

C. Promoting sustainable urban development by creating improved economic opportunities for all, with special reference to youth and gender

10. Through the resolution on promoting sustainable urban development by creating improved economic opportunities for all, with special reference to youth and gender, the Governing Council welcomed the dialogue on this topic held during the twenty-fourth session of the Governing Council. By the same resolution, the Governing Council encouraged Governments to, among other things:

(a) Apply good urban planning policies to enhance economic productivity and equity, to implement economic empowerment programmes that create opportunities, with special reference to youth and women, and to adopt innovative tools for generating additional resources for local authorities in addressing urban planning matters, including through land and property value capture;

(b) Foster a participatory approach to sustainable human settlements through the development and support of strategies and mechanisms that encourage open and inclusive dialogue among all interested parties, with special attention to the needs and priorities of youth, women and vulnerable population groups in urban and rural areas, including children, the elderly, people with disabilities and minorities.

11. In the same resolution, the Governing Council also requested the Executive Director of UN-Habitat to:

(a) Continue working with partners to promote pro-poor land-based financing as a means of supporting urban development, densification and extension through, inter alia, land and property value capture and land and property taxation, and by documenting and disseminating good practices and developing innovative tools and instruments;

(b) Strengthen the UN-Habitat knowledge base, disseminate that knowledge to Member States and provide support to Member States on urban economy and municipal finance, including documenting and disseminating good practices and tools on the economics of urban form, economic development strategies, urban small-scale and informal economies and the economic empowerment of youth and women.

D. Making slums history: a worldwide challenge

12. Through the resolution entitled "Making slums history: a worldwide challenge", the Governing Council recalled, among other things, target D of Millennium Development Goal 7, which aimed to have achieved a significant improvement in the lives of at least 100 million slum dwellers by 2020, and took note of the Rabat Declaration of November 2012, through which participants committed themselves to support, through the intergovernmental bodies of the United Nations, the definition of a global goal of halving the proportion of people living in slums. The Governing Council then called upon Member States to, among other things:

(a) Implement the universal principles for slum upgrading and prevention such as prohibiting unlawful evictions, empowering women and youth, making slum upgrading interventions affordable and accessible, ensuring public participation regardless of race, sex, religious affiliation and socioeconomic status, and promoting accountability and transparency in all programmes;

(b) Consider the possibility of formulating, implementing and promoting inclusive urban policies, legislation, and housing strategies that ensure efficient institutional frameworks, mechanisms for decentralization and strengthening of local authorities, providing mixed land-uses and tenure types to enhance local development and sustainable participatory slum upgrading and prevention;

(c) Apply more systematically urban planning methods, including participatory processes adapted to the needs of incremental urbanization standards and compact, better integrated and connected urban development patterns;

(d) Increase allocation of financial and human resources for slum upgrading and prevention and establish financing strategies that mobilize public subsidies and income generated by land regularization and reallocation processes so as to develop investment plans for infrastructure and services;

(e) Promote housing policies integrating sustainable approaches for energy efficiency in housing and human settlements while respecting the environment and using innovative techniques and materials.

E. Inclusive national and local housing strategies to achieve the Global Housing Strategy paradigm shift

13. Through the resolution on inclusive national and local housing strategies to achieve the Global Housing Strategy paradigm shift, the Governing Council took note of the Rabat Declaration of the International Conference on "Making Slums History: a worldwide challenge for 2020", held in November 2012, where

25 Member States committed to reducing by half the proportion of people living in slums between 2015 and 2030. It also recalled the General Assembly resolution in which the Assembly adopted the Global Strategy for Shelter to the Year 2000 (resolution 43/181), and paragraph 65 of the Habitat Agenda, which encourages the periodic evaluation and revision, as necessary, of enabling housing policies with a view of creating a framework for efficient and effective housing delivery systems.

14. In the same resolution, the Governing Council requested UN-Habitat to pursue the expected outcomes of the Global Housing Strategy, in collaboration with other United Nations agencies, including the United Nations Environment Programme (UNEP), entailing a paradigm shift, where needed, which would include the integration of housing with other urban uses; the encouragement of "pro-poor" orientation of markets; the promotion of systemic reforms to enable wider access to adequate housing solutions; the strengthening of linkages between housing, the economy, employment and poverty reduction; and the use of sustainable building and neighbourhood designs that would contribute to improving the living conditions of slum dwellers.

15. The Governing Council also invited central and local governments to engage with UN-Habitat in global and regional platforms, including the Global Housing Strategy Network, in collaboration with other United Nations bodies and regional organizations, to share evidence-based knowledge, experiences and effective innovative practices in housing and slum upgrading that demonstrate the new paradigm.

F. Pursuing sustainable development through national urban policies

16. Through the resolution on pursuing sustainable development through national urban policies, the Governing Council:

(a) Encouraged Governments to initiate processes to review, strengthen and develop national urban policies, where appropriate, as a key strategy for national socioeconomic development, so as to maximize the national and local benefits of urbanization while mitigating potential adverse externalities, and as a coordination mechanism among different sectors and ministries;

(b) Requested the Executive Director, in consultation with the Committee of Permanent Representatives, to develop a general guiding framework for the development, where appropriate, of national urban policies, based on international good experiences, to further support Member States when developing and improving their urban policies;

(c) Invited Member States to facilitate participatory processes and a wide stakeholder participation, including local authorities and their associations, when developing, revising and implementing national urban policies;

(d) Encouraged Governments and Habitat Agenda partners to use planned city extension methodologies to guide the sustainable development of cities experiencing rapid urban growth, prevent slum proliferation, enhance access to basic urban services, support inclusive housing, enhance job opportunities and create a safe and healthy living environment.

III. Activities at the global level

17. Activities at the global level in which UN-Habitat worked with a wide range of United Nations agencies, funds and programmes, Governments and a wide range of partners included: the sixth session of the World Urban Forum; World Habitat Day 2012; the World Urban Campaign; the preparation of the *State of the World's Cities Report*; the United Nations Conference on Sustainable Development; and consultations on the post-2015 development agenda and sustainable development goals.

A. Sixth session of the World Urban Forum

18. The World Urban Forum was established by the United Nations to examine one of the most pressing issues facing the world today: rapid urbanization and its impact on communities. The Forum is held in a different host city and country biennially, drawing on a wide range of experts from every walk of life. The Forum is the United Nations system's most important advocacy event focusing on the Habitat Agenda and with the highest level of cooperation and coordination around the Agenda. Participants at the Forum include, but are not limited to, national Governments, Habitat Agenda partners, relevant United Nations organizations and other international agencies.

19. The sixth session of the World Urban Forum was held in Naples, Italy, in September 2012. It was organized by UN-Habitat, in collaboration with the Government of Italy, the region of Campania, the province of Naples and the municipality of Naples. The Forum focused on various issues related to the theme of the session, "The urban future". Over 440 events took place, consisting of dialogues, round tables, special sessions, networking, training and parallel and side events.

20. A major feature was an international exhibition with 80 booths open to local people and registered participants. The exhibition was the liveliest area of the Forum, visited by 26,956 people and facilitating many "transactions" and networking. Several memorandums of understanding intended to advance the urban agenda were signed with different partners.

21. Overall attendance at the Forum was 8,209 people, representing a record-high number of 152 countries. The majority of participants were from outside the host country. Some 112 official national Government delegations attended the Forum, with 433 participants from different ministerial departments. The majority (72 per cent) of the participants from national ministries were representatives of ministries dealing directly with urban issues (ministries of housing, urban development, cities, works, roads, transport and infrastructure and local authorities). Over 80 per cent of the least developed countries were represented.

22. The Forum's engagement with the United Nations system was strengthened through the organization of a United Nations high-level inter-agency meeting attended by 17 United Nations funds, programmes and agencies. Parallel events on urban development and health and on urban risk reduction and the resilience of cities were organized in collaboration with the World Health Organization (WHO) and the United Nations Office for Disaster Risk Reduction, respectively.

B. World Habitat Day 2012

23. The United Nations has designated the first Monday of October every year as World Habitat Day. In 2012, the Day was celebrated on 1 October. The theme of the celebrations was "Changing cities, building opportunities". The objective was to highlight the role of cities as engines of growth. The main message was that when well planned, cities can continue to provide opportunities to both current and future residents. This dovetails with the new UN-Habitat campaign, "I am a city changer", which seeks to involve all in making their cities a better place to live.

24. World Habitat Day was celebrated in many countries, and typical events during the celebrations may be illustrated by what happened in a few countries. A celebration of the global observance of World Habitat Day was held in Embu Town, Kenya. The event was hosted and organized by the Government of Kenya through its Ministry of Housing. In Thailand, some 7,000 slum dwellers marched during World Habitat Day and submitted petitions to the United Nations on the need for all Governments in Asia to have pro-poor national housing policies and to mandate local participation in disaster mitigation measures. The national Government of Nepal, UN-Habitat and other Habitat Agenda partners organized a number of activities at both the central and municipal levels in order to publicize the need for good urban development. World Habitat Day celebrations helped politicians to recognize the significance of urban issues in Sri Lanka owing to the participation of the wider community, including women and schoolchildren, who organized an effective awareness programme on the theme of the Day.

25. The World Habitat Day celebration in Cuba was attended by 500 people and was used by the Agenda 21 network of community leaders to increase its membership from 80 in 2011 to 160 in October 2012. In Costa Rica, World Habitat Day provided an opportunity to establish the National Habitat Committee, which included directors and managers of 11 entities representing the private sector, academic institutions, the housing and urban institutional sector and municipalities. In Mexico, awareness of sustainable urbanization increased through the consolidation of strategic partnerships with the Mexico State Governor, the Federal District Mayor and the national office that organized an inclusive World Habitat Day.

C. World Urban Campaign

26. The year 2012 witnessed a positive trend in the growing number and diversity of the World Urban Campaign partners, and gave the Campaign a stronger voice in international forums to mainstream the Habitat Agenda. There are now over 50 partners in the Campaign, with new partners joining every month. The regional diversity of these organizations has also increased. The Campaign is now working to achieve a globally balanced membership by pursuing cooperation with more organizations in Africa, Asia, and Latin America, in particular, in order to collaborate in the launching of national urban campaigns around the world, including in rapidly urbanizing regions.

27. In 2012, the World Urban Campaign facilitated the launch of the "I'm a city changer" campaigns in several cities in order to raise awareness of urban issues. The Campaign and other UN-Habitat advocacy platforms took advantage of several

occasions to raise awareness on urbanization issues, including at the United Nations Conference on Sustainable Development, the sixth session of the World Urban Forum and the AfriCities Summit, held in Dakar from 4 to 8 December 2012, where the first National Urban Campaign was launched with the support and participation of key World Urban Campaign partners in Africa.

28. A campaign on the theme "Manifesto for cities: the urban future we want" was prepared by World Urban Campaign partners through a consultative process in June and July 2012 and was featured in the exhibition at the World Urban Forum, with the text being widely publicized.

D. *State of the World's Cities Report*

29. During the reporting period, the *State of the World's Cities Report 2012/13: Prosperity of Cities*, was launched during the sixth session of the World Urban Forum in September 2012. The report presents, with solid evidence, some of the factors underlying recent and current crises that have significantly impacted on cities, including financial, economic, environmental, social and political crises. It shows that a lopsided focus on economic prosperity has led to growing inequalities between the rich and the poor, generated serious distortions in the form and functioning of cities, caused serious damage to the environment and unleashed precarious financial systems that could not be sustained in the long run. The report proposes a fresh approach to prosperity, one that is holistic and integrated and which is essential for the promotion of collective well-being and fulfilment for all. In order to measure present and future progress of cities towards the prosperity path, the report introduces a new tool, the "City Prosperity Index", together with a conceptual matrix, the "Wheel of Prosperity".

30. Researchers from 13 African research institutions provided global inputs to the report, with the cooperation of 14 cities on the continent. From Asia and the Pacific, researchers from 15 institutions also contributed to the report, with cooperation from 16 cities in the region. In addition, researchers from 12 institutions in Latin America and the Caribbean contributed to the report, with the cooperation of 12 cities in that region.

E. United Nations Conference on Sustainable Development

31. The United Nations Conference on Sustainable Development, held in June 2012, provided UN-Habitat with a unique opportunity to work with Governments and the United Nations system as a whole to mainstream the urban agenda into sustainable development platforms. As a result, significant achievements were made during the summit. The outcome document, entitled "The future we want", articulates substantive areas of importance to the future work of UN-Habitat, including: (a) the need for a holistic, integrated approach to the development of sustainable urban and other human settlements; and (b) the need to strengthen cooperation mechanisms, partnership arrangements and coordination for implementation of the Habitat Agenda.

32. With the commitment by Member States at the Conference to integrate sustainable urban development policy as a key component of national sustainable development policies, local authorities have been empowered to work more closely

with national Governments to promote an integrated and holistic approach to planning and building sustainable cities through efficient transportation and communications networks, greener buildings, an efficient human settlements and service delivery system, improved air and water quality, reduced waste, improved disaster preparedness and response and increased climate resilience.

F. United Nations post-2015 development agenda and sustainable development goals

33. UN-Habitat continued participating in key activities relating to the post-2015 United Nations development agenda and sustainable development goals, including in the work of the United Nations System Task Team on the Post-2015 United Nations Development Agenda and its Working Group on Indicators. During the reporting period, UN-Habitat co-led (with the United Nations Population Fund (UNFPA), the Department of Economic and Social Affairs, the International Organization for Migration, the Swiss Agency for Development and Cooperation, and the Ministry of Foreign Affairs of Bangladesh) the Thematic Consultation on Population Dynamics, one of 11 thematic consultations organized by the United Nations Development Group Millennium Development Goals Task Force. In addition, UN-Habitat contributed to five other thematic consultations relevant to its mandate, namely, environmental sustainability, governance, energy, water and inequalities.

34. UN-Habitat was, and continues to be, represented in the Technical Support Team to the Open Working Group on Sustainable Development Goals, as well as in the Sustainable Cities Thematic Group of the Sustainable Development Solutions Network.

35. The objective of the participation of UN-Habitat in the above-mentioned processes and activities was to explain the role of sustainable urbanization in sustainable development and to explore how Governments could reflect this in both the post-2015 United Nations development agenda and the sustainable development goals.

IV. Activities at the regional level

36. Activities at the regional level focused on regional ministerial conferences and cooperation with development banks.

A. Regional ministerial conferences

37. The Fourth African Ministerial Conference on Housing and Urban Development was held from 20 to 23 March 2012, with the assistance of UN-Habitat. Both the Executive Director and the Deputy Executive Director of UN-Habitat, as well as the Director-General of the United Nations Office at Nairobi, participated in the Conference on the theme "Territorial planning, basic services for all and the impacts of climate change in Africa". The Conference established a permanent secretariat of the African Ministerial Conference on Housing and Urban Development, based in

Nairobi. Two key documents were adopted unanimously at the end of the Conference, the Nairobi Declaration and the Nairobi Pact towards Habitat III.

38. The Fourth Asia-Pacific Ministerial Conference on Housing and Urban Development was held in Amman from 10 to 12 December 2012, with the assistance of UN-Habitat. The theme of the conference was "Youth and information technology in sustainable urban development". The Conference adopted the Amman Declaration and Implementation Plan. UN-Habitat launched the publication *State of Urban Youth Report 2012-2013: Youth in the Prosperity of Cities* during the Conference, thus complementing the theme.

39. The twenty-first General Assembly of Ministers and High-level Authorities on Housing and Urbanization in Latin America and the Caribbean was held from 20 to 22 August 2012 in Mexico City. During the meeting, *The State of Latin American and Caribbean Cities 2012: Towards a New Urbanization* report, produced by UN-Habitat, was presented. The meeting also discussed the participation of ministers and other high-level authorities in the sixth session of the World Urban Forum.

B. Regional reports on the state of cities

40. Regional reports on the state of cities continued to raise awareness of urbanization issues at the regional level. During the reporting period, UN-Habitat partnered with many research institutions to prepare the *Regional Report on the State of Arab Cities 2012: Challenges of Urban Transition*, which was launched in May 2012. This publication presents a number of urban issues which, if addressed, will ensure a more stable, equitable and sustainable future for the region. The *State of the Latin American and Caribbean Cities 2012* was published in August 2012. By December of that year, 15,194 downloads of the report had been made from the UN-Habitat digital library.

C. Regional development banks

41. Much of the UN-Habitat collaboration with regional development banks during the reporting period continued to focus on the need to increase investment flows into the water and sanitation sector, as well as into cities and the implementation of climate change policy.

African Development Bank

42. During the reporting period, the focus of collaboration between UN-Habitat and the African Development Bank (AfDB) was on the expansion of the Lake Victoria Region Water and Sanitation Initiative to a second phase, with grant funding of $110 million from the Bank. UN-Habitat provided technical assistance to the East African Community for the preparation of the second phase of the Initiative and is now engaged in providing capacity-building to five partner States. UN-Habitat and AfDB are also collaborating on water and sanitation projects in Zanzibar and Kenya, with UN-Habitat providing capacity-building to complement AfDB support for infrastructure improvements.

Asian Development Bank

43. Building on its long-standing collaboration with the Asian Development Bank (ADB), UN-Habitat signed a further memorandum of understanding with the ADB city development initiative for Asia in May 2012. The Bank is providing support to the UN-Habitat Cities and Climate Change Initiative as an "upstream" delivery mechanism of city development initiatives that will assist cities in Asia in bridging the gap between pro-poor, gender-balanced, participatory planning for climate change adaptation and mitigation, on the one hand, and urban infrastructure investment programmes, on the other.

44. UN-Habitat started a dialogue with ADB in the area of sustainable urban mobility. A mission from UN-Habitat participated in the ADB Transport Forum, held in Manila from 6 to 8 November 2012.

European Investment Bank

45. During the reporting period, UN-Habitat and the European Investment Bank collaborated on pre-investment studies and project appraisal for a major expansion of the Lake Victoria region water and sanitation initiative to the three large towns in the lake basin: Kampala in Uganda, Mwanza in the United Republic of Tanzania and Kisumu in Kenya. UN-Habitat participated in the appraisal of the Kampala water supply expansion project being funded by the bank in partnership with the French Development Agency and the German Development Bank. Under an agreement with the European Investment Bank, UN-Habitat supervised the pre-investment studies for water and sanitation projects in Mwanza and Kisumu and coordinated the appraisal of the Mwanza water and sanitation project, which is now in the funding approval stage for a financing package of 104 million euros.

Inter-American Development Bank and Andean Development Corporation

46. Joint activities between UN-Habitat and the Inter-American Development Bank (IADB) included several thematic sessions at the Stockholm Water Week in 2012. Other areas of collaboration included the design and implementation of a regional policy dialogue on water and climate change in the Americas, advocacy campaigns on the rights-based approach to water in the Americas and support for the production of the document entitled "Americas water agenda", for presentation at the World Water Forum. UN-Habitat and IADB also collaborated on a number of country programmes in the Plurinational State of Bolivia and El Salvador. Furthermore, UN-Habitat signed a memorandum of understanding with the Andean Development Corporation, as a new Habitat Agenda partner institution in the region.

V. National and subnational activities

47. Activities on major themes at the national and subnational levels implemented in cooperation with other United Nations agencies focused on five main Habitat Agenda issues: environment, climate change and cities; humanitarian assistance, especially post-disaster and post-conflict reconstruction; land, housing and basic services; urban poverty reduction; and gender, women and young people.

A. Environment, climate change and cities

Environment Management Group

48. During the reporting period, UN-Habitat continued to participate in the Issue Management Group on the green economy of the Environment Management Group by mainstreaming the urban agenda into this inter-agency thematic process. The work of the Issue Management Group culminated in the 2012 launch of the inter-agency publication *Working towards a balanced and inclusive green economy: a United Nations system-wide perspective*. At the tenth session of the Conference of the Parties to the Convention on Biological Diversity, UN-Habitat strengthened its participation in the issue management group on biodiversity of the Environment Management Group by leveraging its comparative advantage in spatial planning towards the achievement of the Aichi Biodiversity Targets.

United Nations Environment Programme

49. UN-Habitat and UNEP continued to pursue their biennial implementation plan and related joint work programme, which focuses on climate change assessments, ecosystem-based adaptation, sustainable buildings and low-carbon cities. This collaboration was enhanced by: (a) the World Bank, through a joint work programme on cities and climate change funded by the Cities Alliance; (b) the launch of a global protocol for community-scale greenhouse gas emissions; and (c) the launch of the UNEP Global Initiative for Resource-Efficient Cities, on whose steering committee UN-Habitat serves. UN-Habitat also served on the working group on cities of the UNEP International Resource Panel and contributed to its report entitled "City-level decoupling: urban resource flows and the governance of infrastructure transitions".

50. UN-Habitat and UNEP also collaborated within the framework of a joint European Union-United Nations project on land and natural resource conflict, hosted by UNDP in New York. A series of guidance notes was developed, and joint missions were undertaken in Liberia and Côte d'Ivoire. The new phase of collaboration will focus on the Great Lakes region of Africa.

51. UN-Habitat and UNEP further collaborated in the field in Myanmar, where UN-Habitat represents UNEP on the United Nations country team. A tripartite letter of authorization was signed with the Ministry of Environmental Conservation and Forestry for the preparation of a report on the state of the environment. UN-Habitat and UNEP joined the European Union to design the Global Climate Change Alliance programme in Myanmar.

Global Environment Facility

52. UN-Habitat continued to implement a project on sustainable transport in East Africa supported by the Global Environment Facility, in collaboration with UNEP. The project covers the cities of Nairobi, Kampala and Addis Ababa and aims to create awareness and understanding among policymakers, stakeholders and the general public in East Africa and beyond of the importance and benefits of establishing suitable transport systems in urban areas. Also in collaboration with UNEP, UN-Habitat implemented a project on promoting energy efficiency in East Africa, covering Burundi, Kenya, Rwanda, Uganda and the United Republic of Tanzania.

Department of Economic and Social Affairs

53. UN-Habitat collaborated with the Department of Economic and Social Affairs in the lead-up to the United Nations Conference on Sustainable Development in June 2012. At the Conference, UN-Habitat led four high-level events and participated in the high-level round table and the sustainable cities and innovation dialogue coordinated by the Department.

54. In collaboration with the Partnership on Sustainable Low Carbon Transport, UN-Habitat undertook a consultative process with partners such as ADB, the Institute for Transportation and Development Policy and the German Agency for International Cooperation (GIZ) and, through the Department of Economic and Social Affairs, made a voluntary commitment at the United Nations Conference on Sustainable Development on building institutional and political capacity for urban sustainable mobility in 100 UN-Habitat partner cities across the world.

United Nations Educational, Scientific and Cultural Organization

55. During the reporting period, UN-Habitat strengthened its global programmes by collaborating with the United Nations Educational, Scientific and Cultural Organization (UNESCO) on urban heritage. Discussions between the two agencies continued as to how UN-Habitat could contribute to the UNESCO Creative Cities Network and support the dissemination of the UNESCO historic urban landscape action plan in Kenya. UN-Habitat currently has joint programmes with UNESCO for safer cities in Brazil, Costa Rica and Guatemala.

Economic and Social Commission for Asia and the Pacific

56. The Bangkok Office of the UN-Habitat Regional Office for Asia and the Pacific is co-located with the Sustainable Urban Development Section, Environment and Development Division of the Economic and Social Commission for Asia and the Pacific (ESCAP). This has substantially strengthened the collaboration and partnership between the two agencies.

57. UN-Habitat and ESCAP continued to jointly implement United Nations Development Account projects, with a focus on cities and climate change. They jointly developed and submitted a proposal to the Development Account, entitled "Strengthening the capacity of policymakers in South-East Asia for promoting policies and developing plans for improved wastewater treatment and reuse in urban and peri-urban areas".

58. The ESCAP Pacific Operations Centre hosts the UN-Habitat office in Suva, and the two collaborated on initiatives on climate change and cities in Fiji and Vanuatu. The two entities also worked together on a regional urban knowledge framework, supported in part by funding from the Cities Alliance, to promote discussions on sustainable cities in the subregion.

59. In 2012, UN-Habitat collaborated with ESCAP and the International Union for Conservation of Nature to improve the capacity of national and local government officials in three towns in Pakistan to provide decentralized solid waste management.

60. During the sixth session of the World Urban Forum, ESCAP and UN-Habitat jointly kick-started the regional preparatory process for Habitat III by organizing a

high-level meeting for Asia-Pacific delegations on the theme "Sustainable cities and human settlements in Asia-Pacific: a road map from Rio to Habitat III".

United Nations Institute for Training and Research

61. During the United Nations Conference on Sustainable Development in June 2012, UN-Habitat and the United Nations Institute for Training and Research (UNITAR) organized a workshop with IBM on sustainable cities. Senior officials and decision makers from the public and private sectors from different cities in the world participated, as well as experts from UNEP, the Department of Economic and Social Affairs, the International Telecommunication Union and UNFPA. Dialogues with UNITAR regional centres have since been initiated, within the scope of the ongoing United Nations Development Account project executed by UN-Habitat to strengthen the institutional capacity of training institutions in Asia, Africa and Latin America that work closely with the capacity-building initiatives of local governments.

B. Humanitarian assistance: post-disaster and post-conflict reconstruction

Executive Committee on Humanitarian Affairs and the Inter-Agency Standing Committee

62. UN-Habitat continued to be a member of the Inter-Agency Standing Committee Principals and Working Group and of the Executive Committee on Humanitarian Affairs, chaired by the Emergency Relief Coordinator. UN-Habitat continued to chair the Inter-Agency Standing Committee Reference Group on Meeting Humanitarian Challenges in Urban Areas. The implementation of the strategy and two-year action plan of the Reference Group saw progress in introducing new and improved ways of doing business between United Nations and non-governmental humanitarian actors.

63. Within the global cluster coordination system of the Inter-Agency Standing Committee, UN-Habitat continued to be the focal point entity with responsibility for housing, land and property within the Global Protection Cluster Working Group. The Group provided support to a number of country programmes in urban areas, including Afghanistan, Iraq and Pakistan. Within this scope of responsibility, UN-Habitat continued to propose shelter, water and sanitation and emergency activities through the humanitarian pooled funding instruments, including the Central Emergency Response Fund, flash appeals and the Consolidated Appeals Processes. As a member of the Committee's Sub-Working Group on preparedness and the Preparedness Group of the Sub-Working Group on Humanitarian Financing, UN-Habitat ensured that the urban focus in preparedness activities of the Committee was maintained. UN-Habitat also collaborated with the Office for the Coordination of Humanitarian Affairs in reconstruction and rehabilitation in El Salvador, ensuring the safe return of families after the Tropical Depression 12-E cyclone.

International Strategy for Disaster Reduction

64. A memorandum of understanding, signed by UN-Habitat and the United Nations Office for Disaster Risk Reduction in 2003 on cooperation between the two agencies to build resilient cities against disasters through the "Making cities

resilient" campaign and the city resilience profiling programme, was enhanced during the sixth session of the World Urban Forum in September 2012.

65. In 2011, UN-Habitat and the United Nations Office for Disaster Risk Reduction jointly enlisted 31 Pakistani cities in the "Making cities resilient" campaign, with the local government self-assessment tool as a first step. On the basis of this, a new resilient cities programme was endorsed during the reporting period by the National Disaster Management Agency and the Ministry of Climate Change of Pakistan.

66. Jointly with the Disaster Management Centre of the South Asian Association for Regional Cooperation and the United Nations Office for Disaster Risk Reduction, UN-Habitat developed toolkits for the assessment of school and hospital safety for multi-hazards in South Asia. The four volumes of toolkits for new designs and retrofitting are being launched and rolled out in member countries of the Association through the training of trainers.

Food and Agriculture Organization of the United Nations

67. UN-Habitat and the Food and Agriculture Organization of the United Nations (FAO) worked with the Global Land Tool Network on the production of the voluntary guidelines on good land governance, forestry and fisheries that were endorsed by the Committee on Food Security in 2012. In September 2012, UN-Habitat also supported and attended an FAO networking event on food and agriculture for the urban future at the sixth session of the World Urban Forum.

World Food Programme

68. UN-Habitat continued to implement a joint programme with the World Food Programme to build resilient cities in the Philippines by developing the local government capacities of the cities of Cagayan De Oro, Davao, Iloilo and Butuan in risk and vulnerability assessments, city climate change action plans, piloting small-scale projects and developing knowledge products in support of policy dialogue and national replication and sustainability.

C. Land, housing and basic services

69. During the reporting period, UN-Habitat cooperated with more than 10 agencies and organizations across the United Nations system in its work on land, housing and basic services.

United Nations joint programming for Somalia

70. UN-Habitat continued to participate, as one of the five United Nations agencies, in the United Nations Joint Programme on Local Governance and Decentralized Service Delivery for Somalia. The Programme is implemented by five partners: UN-Habitat, the International Labour Organization, the United Nations Capital Development Fund, UNDP and the United Nations Children's Fund (UNICEF). The Programme has translated many of the ambitions of the "One United Nations" principles into tangible improvements in aid and wider development effectiveness. The Programme was launched in 2008 and has recently concluded its five-year first phase. It is now starting a second five-year phase, running from 2013 to 2017, and is

referred to as the United Nations Joint Programme on Local Governance and Decentralized Service Delivery for Somalia II. The Programme is aligned with the United Nations Somali Assistance Strategy 2011-2015, and contributes to the implementation of at least five of the Millennium Development Goals.

World Bank Group

71. UN-Habitat continued to be a member of the World Bank advisory group on the land governance assessment framework. UN-Habitat partnered with the World Bank, the French Development Agency and the Embassy of Sweden to support the sustainable urban development sector in Kenya. UN-Habitat also agreed to house a strategic advisory component in its Regional Office for Africa and the Arab States.

72. The World Bank, UN-Habitat and UNEP have joined forces, with support from the Cities Alliance, to contribute to a more coordinated and focused response on climate change issues facing cities, especially in developing countries. An additional product of this collaboration is a continuing review of the Cities Alliance methodology on strategies for city development. Consultation with the World Bank has started in connection with the latter's transport policy programme for sub-Saharan Africa.

United Nations Children's Fund

73. During the reporting period, UN-Habitat worked with UNICEF and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) on a joint programme entitled "Safe and friendly cities for all" to support urban safety in public spaces in Dushanbe, Metro Manila, Greater Beirut, Marrakesh, Morocco, Nairobi, Rio de Janeiro, Brazil, San José and Tegucigalpa.

Economic Commission for Africa

74. High-level consultations were held between UN-Habitat and the Economic Commission for Africa (ECA) on joint project formulation covering a range of urban basic services. UN-Habitat, through its Global Land Tool Network, continued to work with ECA, AfDB and the African Union Commission on a set of activities aimed at improving security of tenure and access to land for all in Africa. UN-Habitat is a member of the steering committee of the Land Policy Initiative for Africa. Since the beginning of 2012, UN-Habitat has been leading the capacity development component of the Initiative, aimed at supporting African Member States in the implementation of the Declaration on Land Issues and Challenges in Africa, signed by the Heads of State and Government of the African Union in 2009. A memorandum of understanding between UN-Habitat and ECA was signed in 2012 along these lines.

Office of the United Nations High Commissioner for Human Rights

75. UN-Habitat continued to work with the Office of the United Nations High Commissioner for Human Rights (OHCHR) against forced evictions. The two agencies jointly produced the publication *Losing Your Home: Assessing the Impact of Eviction*. Follow-up research and publications on eviction impact assessment methodologies are in progress. UN-Habitat and OHCHR co-organized a networking event on housing rights and eviction at the sixth session of the World Urban Forum

and, immediately after, co-organized an expert group meeting on eviction impact assessment.

Office of the United Nations High Commissioner for Refugees

76. UN-Habitat continued to provide technical support to the Inter-Agency Standing Committee Global Shelter Cluster, led by the Office of the United Nations High Commissioner for Refugees (UNHCR) for conflicts and complex emergencies. Settlement planning and/or water and sanitation support was provided for camps hosting Syrian refugees in Iraq and Jordan and for Somali refugees in Kenya. Technical support on shelter issues was provided in Somalia, while in the Sudan UN-Habitat seconded a staff member to UNHCR for support on durable shelter and settlements planning. Housing, land and property technical support was provided to UNHCR in Iraq, the Philippines and the Sudan, while expertise in these areas was identified for deployment to UNHCR for Kyrgyzstan and Libya.

UN-Energy

77. During the reporting period, UN-Habitat, as the current chair of UN-Energy Africa, took part in several UN-Energy meetings and contributed to the organization of the second All-Africa Energy Week, which took place in Addis Ababa from 12 to 16 November 2012. UN-Habitat represented UN-Energy Africa at a number of forums and conferences during the reporting period, including the high-level forum organized by the Economic Community of West African States on paving the way for sustainable energy for all in West Africa through renewable energy and energy efficiency, held in Accra from 29 to 31 October 2012.

78. During the sixth session of the World Urban Forum, UN-Habitat organized a workshop on renewables in growing cities in Africa in collaboration with the International Renewable Energy Agency. In collaboration with the African Union, UN-Habitat is also developing a joint project on converting waste to energy for four countries in Africa.

United Nations Industrial Development Organization

79. UN-Habitat and the United Nations Industrial Development Organization collaborated in developing a proposal on a sustainable energy corridor in West Africa. Consultations are also under way for developing a proposal to work together in selected cities in the Lake Tanganyika basin, with a focus on water and sanitation and economic development.

UN-Water

80. During the reporting period, UN-Habitat continued as Vice-Chair of UN-Water. UN-Habitat and UNEP co-chair the UN-Water task force on wastewater management. As a follow-up to the United Nations Conference on Sustainable Development, a process has been initiated by the task force to develop a draft sustainable development goal target and associated indicators on effective wastewater management and pollution control.

81. UN-Habitat briefed UN-Water members attending the seventeenth meeting of UN-Water, held in Stockholm from 23 to 25 August 2012, on the progress achieved in defining a sustainable development goal target for wastewater management. At

the same meeting, UN-Habitat presented a proposal to establish a task force on capacity development for water operators.

D. Urban poverty reduction

82. In implementing its work on urban poverty reduction, UN-Habitat cooperated with two main partners, namely UNDP and UNFPA.

United Nations Development Programme

83. UNDP continued to be a key partner in Haiti and worked with UN-Habitat in several joint programmes on the Millennium Development Goals in such areas as water and sanitation (Ecuador), gender (Brazil) and safer cities (Brazil, Costa Rica, Guatemala). UNDP also supported programme implementation in Cuba (housing) and Colombia (implementation of the Habitat Agenda).

84. In August 2012, the Administrator of UNDP, as Chair of the United Nations Development Group, and the Executive Director of UN-Habitat sent a joint letter to all United Nations resident coordinators to encourage them to address urban issues in teamwork with relevant members of the United Nations system. The Administrator of UNDP also informed the UNDP country offices of the current memorandum of understanding between UN-Habitat and UNDP and encouraged them to work with UN-Habitat.

85. In addition, in December 2012 UN-Habitat and UNDP ended a seven-year substantive partnership in responding to the Indian Ocean earthquake and tsunami in Aceh and Nias, Indonesia, in 2004. The two agencies jointly organized a workshop on cities and climate change with representatives of 10 Asian cities, which resulted in a partnership for a joint vulnerability assessment for the city of Makassar, Indonesia. UN-Habitat is providing substantive inputs to the UNDP strategy paper on sustainable urbanization and poverty reduction in Asia and the Pacific, with a view to forging strategic partnerships at the country level.

United Nations Population Fund

86. In Uganda, UN-Habitat and UNFPA collaborated on a joint programme on population, under outcome 3 of the programme: youth and vulnerable groups have competitive skills and opportunities to participate in the economy for sustainable livelihood. This was in addition to the collaboration between the two organizations on the utilization of population information, including urban population data, in development planning in Pakistan and Viet Nam.

E. Gender, women and young people

87. In the cross-cutting areas of gender, women and young people (youth), UN-Habitat cooperated mainly with UN-Women and the Department of Economic and Social Affairs.

UN-Women

88. During the reporting period, UN-Habitat collaborated with UN-Women in its global programmes on safer cities free of violence against women and girls, which

were, and still are, being implemented in five cities: Kigali, Cairo, Port Moresby, New Delhi and Quito.

89. During the sixth session of the World Urban Forum, the Executive Director of UN-Habitat and the Deputy Executive Director of UN-Women signed a memorandum of understanding that covers all countries where the two entities have common interests or agree to collaborate.

90. At the beginning of 2013, UN-Women provided a fully funded gender adviser to the Gender Unit of UN-Habitat to review and provide recommendations on the "gender architecture" within the Programme and to assist with a review of its gender policy.

Department of Economic and Social Affairs

91. UN-Habitat continued to be Co-Chair, with the Department of Economic and Social Affairs, of the Inter-Agency Network on Youth Development, which is developing the system-wide action plan on youth on behalf of the Secretary-General. The main goal is greater opportunities for youth to secure decent work and income over the life cycle, thus contributing to a virtuous circle of poverty reduction, sustainable development and social inclusion.

VI. Recommendations

92. In the light of the deliberations of and resolutions adopted by the UN-Habitat Governing Council at its twenty-fourth session, Member States are called upon to:

(a) Support the national, regional and global preparations for the third United Nations Conference on Housing and Sustainable Urban Development (Habitat III), to be held in 2016, through voluntary contributions to the Habitat III trust fund;

(b) Start the preparation of national reports assessing the implementation of the Habitat Agenda and other relevant internationally agreed goals and targets, as well as identifying future policy directions for inclusion in a "New Urban Agenda" at Habitat III;

(c) Give appropriate consideration in their contributions to the United Nations post-2015 development agenda and the sustainable development goals to the role of sustainable urbanization and the role of cities and local governments in sustainable development;

(d) Allocate appropriate financial and human resources for slum upgrading and prevention and establish financing strategies that mobilize public subsidies and income generated by land regularization and reallocation processes;

(e) Initiate processes to strengthen or develop national urban policies as a key strategy for national socioeconomic development that maximizes the national and local benefits of urbanization, integrates housing policy and mitigates potential adverse externalities, and as a coordination mechanism among different sectors and government ministries.

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Mainstreaming of the three dimensions of sustainable development throughout the United Nations system

Report of the Secretary-General

Summary

The present report analyses efforts made by the United Nations system in mainstreaming the economic, social and environmental dimensions of sustainable development in its work, as mandated in the outcome document of the United Nations Conference on Sustainable Development (General Assembly resolution 66/288, annex). It points to a range of initiatives in that regard, while also identifying challenges and gaps. The report points to the following key building blocks for the further integration of the three dimensions of sustainable development:

- Commitment at the highest level of the United Nations system bolstered by clear and coherent intergovernmental guidance
- Stronger coordination and policy coherence
- Enabling culture of wider coordination both within the United Nations system and with external partners
- Accountability and transparency
- Adequate institutional support within the United Nations system
- Building analytical capacities, new competencies and tools to support developing countries

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- System of continuous learning and improvements in practice
- Mobilization and allocation of resources to drive sustainable development.

The report makes the case that integrating the economic, social and environmental dimensions of sustainable development more systematically will enhance the capacity of the United Nations system to support Member States in taking forward the United Nations post-2015 development agenda and sustainable development goals.

I. Introduction

1. At the Conference on Sustainable Development (Rio+20), held in Rio de Janeiro, Brazil in June 2012, the Heads of State and Government and high-level representatives reaffirmed the commitment of the international community to sustainable development. Their vision is one where the pursuit of a more sustainable future for all guides the actions of Governments and non-State actors and engages all members of society.

2. In paragraph 3 of the Rio+20 outcome document (General Assembly resolution 66/288, annex), the Heads of State and Government and high-level representatives acknowledged the need to further mainstream sustainable development at all levels, integrating economic, social and environmental aspects and recognizing their interlinkages, so as to achieve sustainable development in all its dimensions.

3. In paragraph 93 of the outcome document, the Heads of State and Government and high-level representatives called for the further mainstreaming of the three dimensions of sustainable development throughout the United Nations system and requested the Secretary-General to report to the General Assembly, through the Economic and Social Council, on the progress made in that regard.[1] The present report responds to that mandate.

4. The report takes stock of how the three dimensions of sustainable development — economic, social and environmental — have been integrated in the work of the United Nations system to date. It highlights the successes and challenges encountered so far, with a view to identifying lessons to strengthen United Nations system support to Member States. It serves as a preliminary stocktaking and highlights the work ahead.

5. Section II of the report touches on the implications of the concept of sustainable development for integrating economic, social and environmental dimensions in the work of the United Nations system. Section III briefly examines how individual United Nations entities are working to integrate the three dimensions of sustainable development in their work. Section IV takes stock of existing efforts by the United Nations system as a whole to integrate the three dimensions of sustainable development across the national, regional and global levels of the system. Section V sheds light on the strengths of the United Nations system, future challenges and lessons derived from experiences to date. Section VI sets out a few recommendations to inform future efforts.

II. Implications of translating sustainable development into the work of the United Nations system

6. The goal of sustainable development is to ensure the promotion of an economically, socially and environmentally sustainable future for the planet and for present and future generations. Sustainable development emphasizes a holistic, equitable and far-sighted approach to decision-making at all levels. It rests on

[1] In paragraph 91, they also emphasized the need to further enhance the mainstreaming of sustainable development in the respective mandates, programmes, strategies and decision-making processes [of United Nations system organizations] in support of the efforts of all countries, in particular developing countries, in the achievement of sustainable development.

integration and a balanced consideration of social, economic and environmental goals and objectives in both public and private decision-making. It emphasizes intragenerational and intergenerational equity.

7. A sustainable development approach broadens the frame of reference and community in which development issues are understood, decisions are taken, and implementation is executed and evaluated.

8. Poverty eradication is an indispensable requirement for sustainable development. Today, 20 years after the United Nations Conference on Environment and Development, sustainable development has established itself, at least conceptually, as the overarching development framework for making that happen.

9. The Rio+20 outcome document includes a call to further system-wide coherence and coordination (para. 78); strengthen operational activities for sustainable development (paras. 94 and 95); and looks inward, to improve the management of facilities and operations, by taking into account sustainable development practices (para. 96).

10. The outcome document contains a range of specific actions for Governments to undertake with the support of the United Nations system. The United Nations system has developed a framework to share responsibilities among various organizations in supporting Governments in implementing those mandates.[2]

11. The work of the United Nations includes support to the forums where the international community reflects on policy, agrees on norms and guides development cooperation. The United Nations thus has a unique role and responsibility to help in the pursuit of sustainable development through its analytic, normative, policy and operational work.

12. Individual United Nations system entities must therefore strengthen measures and efforts to ensure the mainstreaming of economic, social and environmental dimensions at the level of strategies/policies, programmes/projects and administration/operations. They must also work collectively to support integrated policymaking at the national, regional and international levels. Sustainable development also requires new partnerships and a different way of monitoring and communicating results to Governments and stakeholders. Coherent guidance from Member States is important to steer efforts in that regard, particularly through United Nations system intergovernmental processes.

13. Not all United Nations system policies and programmes have economic, social and environmental dimensions; however, it is important that the potential economic, social and environmental implications of policies and programmes be carefully considered. This is essential in order to avoid unintended impacts, conflicting policies or unsustainable outcomes. It also enables the United Nations system to identify synergies and possible triple-win opportunities. At a time of dwindling resources for development cooperation, it is imperative to maximize the co-benefits of each action.

14. However, moving this concept into practice is not easy. It means transformational change that challenges the status quo and a system designed under a different development model. It requires a fundamental rethinking of the way the

[2] See http://sustainabledevelopment.un.org/followupbyunsystem.html.

United Nations conceives its analytical, policy and operational work. With more than 20 years of experience in sustainable development activities around the globe, the United Nations system and its partners are still learning how to consistently and effectively support integrated approaches and overcome structural and other challenges.

III. Mainstreaming sustainable development within United Nations system entities

Building on the United Nations environmental and social sustainability framework

15. Efforts to gear the United Nations system towards sustainable development can take as a point of departure the framework for advancing environmental and social sustainability in the United Nations system.[3] This framework was developed in 2011 as an inter-agency initiative through the Environment Management Group. By better assessing the implications of the Organization's choices and actions, it provides a platform from which to strengthen the sustainability of (a) strategies and policies; (b) operational activities through programmes and projects; and (c) administrative decisions of the United Nations system, such as facility management. The framework was conceived to help better understand how the complex array of United Nations undertakings influence one another in terms of environmental and social impacts and outcomes.[3] It does not cover the economic dimension. The present report builds in part on the approach and entry points developed as part of this framework.

16. Since the first Rio Conference in 1992, the United Nations system has endeavoured to evolve its support to policy development, its operational activities and its ways of working, so as to better help countries to move towards sustainable development paths.

17. Many United Nations system organizations have undertaken efforts to integrate sustainable development from their overarching multi-year strategic plans down to the programme/project level. Others have employed bottom-up approaches, with experience from the national and subnational levels informing wider strategic planning. Box 1 below highlights examples of the approach taken by the United Nations Human Settlements Programme (UN-Habitat), the United Nations Development Programme (UNDP), the International Labour Organization (ILO) and the United Nations Educational, Scientific and Cultural Organization (UNESCO).

Box 1
Examples of the approach taken in integrating the three dimensions in strategic planning

UN-Habitat took a bottom-up approach to mainstreaming sustainable development by starting at the subnational level in 1992 with the Sustainable Cities Programme. In 2002, it produced a paper on sustainable urbanization that was a turning point for the organization. Integrating the

[3] See http://www.unemg.org/IssueManagementGroups/EnvironmentalandSocialSustainability/ESreport/tabid/102177/Default.aspx.

three dimensions of sustainable development was extended up through planning and programme policies until sustainable development became the underlying principle of the UN-Habitat medium-term strategic and institutional plan for the period 2008-2013 and again in the upcoming plan for the period 2014-2019.

The ILO Strategic Policy Framework for 2010-2015 has green jobs and decent work as a cross-cutting theme. ILO is expected to be better able to advocate and advise on sustainable development in such areas as:

(a) Assessing and realizing the potential for green and decent jobs in national and local policies and development strategies; and

(b) Maximizing the employment effect and enhancing the coverage and effectiveness of social protection for all.

UNESCO is currently in the process of defining its next medium-term strategy, to be adopted by member States at the thirty-seventh session of the General Conference in November 2013. Two overarching objectives are proposed: (a) Peace: contributing to lasting sustainable development; and (b) Contributing to sustainable development and the eradication of poverty. UNESCO's entire programme would thus be geared towards those objectives.

In its strategic plan for 2008-2013, the goal of UNDP in the area of environment and energy is the strengthening of national capacity to manage the environment in a sustainable manner while ensuring adequate protection of the poor. Specific results have been achieved, notably in (a) mainstreaming environmental and energy issues in development planning; and (b) building local capacity to better manage the environment and deliver services, especially water and energy.

18. At the same time, a review of the strategic plans of a few organizations shows that some make references to the importance of sustainable development in broad terms. Their objectives, expected results and reviews generally focus on the sectoral area of work of the organization without systematic reference to related dimensions of sustainable development. The ongoing development of a new generation of strategic plans for funds and programmes and a few specialized agencies is the occasion for deeper, more systematic and more meaningful integration of the three dimensions of sustainable development. This would also be consistent with the guidance of Rio+20 and the General Assembly quadrennial comprehensive policy review of United Nations system operational activities for development on integrating sustainable development in United Nations operational activities.

Box 2
Understanding the interactions between the economy and the environment

In 2012, the Statistical Commission adopted a System of Environmental-Economic Accounting Central Framework. This is the first international standard for environmental-economic accounting. This

standard, specific extension pertaining to energy, water, and land and ecosystems could be instrumental in addressing a number of Rio+20 outcomes.

The World Bank is working on several approaches that seek to strengthen sustainability at the country level by moving beyond gross domestic product (GDP) to evaluate economic performance, including genuine savings and wealth accounting. This effort is being bolstered by the Wealth Accounting and Valuation of Ecosystem Services (WAVES) Partnership.

19. The General Assembly quadrennial comprehensive policy review of United Nations system operational activities for development has pointed to ways of using operational activities to help Governments to embark on sustainable development paths. The next step is implementation (see section IV.A below). To do so, however, organizations need to more systematically apply sustainability conditions such as safeguards and find triple-win approaches that support progress across all three dimensions of sustainable development.

20. A number of organizations, including the Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development (IFAD), UNDP, the United Nations Environment Programme (UNEP) and the World Bank, have made progress in developing tools such as environmental and social sustainability frameworks and assessment tools that incorporate sustainable development considerations into their policies and programmes (see box 3 below).

21. However, an inter-agency review of United Nations practices related to environmental and social impact assessments[3] revealed that the lack of a system-wide standard has produced an ad hoc approach with varying levels of thoroughness and rigour. Further, there appears to be a varied understanding of the purpose and benefits of applying environmental and social sustainability measures as well as different expectations of what such measures can deliver.

Box 3
Integrating economic, social and environmental dimensions in programmes and projects

UNDP has updated its Programme and Operations Policies and Procedures in order to prevent and manage potential risks to the environment and people at the earliest possible planning stage. The objective is also to identify opportunities to strengthen support to development planning processes.

FAO employs environmental impact assessment procedures to ensure that its field operations are consistent with its 16 governing principles. These principles address various aspects of environmental and social impact, such as the management of biological diversity for food and agriculture.

The BioTrade Initiative of the United Nations Conference on Trade and Development (UNCTAD) promotes production and trade in goods

and services derived from native biodiversity. Over 19 countries are involved in the BioTrade Initiative, which provides a potential source of jobs and income, export diversification, and rural development and improved livelihoods of rural and local communities.

In its monitoring and evaluation of projects, the World Bank uses core sector indicators to measure a project's sustainability with respect to infrastructure, environmental resource management, urbanization and social development. It is also reviewing its results measurement system for concessional financing.

22. Efforts have also been made to assess the environmental impact in United Nations system facilities and operations practices, including travel, procurement and the use of information technology (see box 4 below).

23. The United Nations climate neutrality strategy initiated and, to some degree, coordinated system-wide reporting and greening activities. However, it is still largely up to individual agencies to implement significant greening schemes. The development of a system-wide environmental management system, recently endorsed by the High-level Committee on Management, should help to coordinate revisions of operational modalities that are required across the system (see box 4 below).

Box 4
Reducing the carbon footprint of the United Nations

Major efforts to reduce the carbon footprint of the United Nations have been undertaken by the UNEP Sustainable United Nations facility, which coordinates and supports the implementation of the United Nations climate neutrality strategy.

To date, five United Nations organizations have achieved climate neutrality through a combination of emissions reduction and offsetting: the United Nations Framework Convention on Climate Change (Climate Change Secretariat), the United Nations Office for Project Services (UNOPS), UNEP, UNDP headquarters and the World Bank Group.

In April 2013, the United Nations System Chief Executives Board for Coordination (CEB) committed to the development and implementation of environmental management systems in each organization with a goal to further reduce the Organization's footprint (see para. 67 below).

24. A thorough review of the internal structures and workflows of United Nations system organizations would be needed in order to better understand how to overcome the sectoral boundaries that hinder achieving a more integrated approach. Divisions or offices on sustainable development often exist in parallel to sectoral divisions. It is important to understand how such structures can best work together, along with strategic planning units, in ensuring that consideration of all three dimensions of sustainable development takes place throughout the organization.

25. Regardless of whether adequate structures are in place, staff at all levels often lack the capacity and resources to truly undertake integrated approaches in supporting analytical work, policy development and operations.

26. Overall, sustainable development is not only about ensuring that economic, social and environmental perspectives are reflected in the strategic planning process of United Nations organizations but that together, these perspectives form a holistic way of "doing business", a process of thinking at all levels that guides the kind of strategic planning and operational choices that follow. The application of an integrated and sustainable approach for decision-making in the United Nations system is currently uneven, revealing an institutional gap between policy and practice.

IV. Sustainable development at the country, regional and global levels

27. At the Rio+20 Conference, it was recognized that coordination among United Nations system entities in the economic, social and environmental areas can enhance United Nations system support to sustainable development. Numerous coordination mechanisms exist and a wealth of initiatives have been undertaken at the national, regional and global levels to integrate the United Nations system's work on the three dimensions of sustainable development. These can be built upon to accelerate the mainstreaming process.

A. Integrating the three dimensions of sustainable development at the national and subnational levels

28. The United Nations system plays an important role in helping countries to define and implement their pathways towards sustainable development. In preparation for the Rio+20 Conference, Governments identified five priority areas for advancing sustainable development: (a) strengthening institutions and governance systems and building capacities for collaboration and coordination; (b) unpacking and operationalizing the green economy in the context of poverty eradication and sustainable development; (c) reinforcing the connection between poverty eradication as an overarching objective and the sustainable development agenda; (d) engaging stakeholders in a meaningful manner; and (e) measuring progress in a way that looks across the three dimensions of sustainable development. Owing to its comparative advantage in norm-setting, capacity-building, knowledge creation and sharing, and partnership-building, the United Nations is poised to address such priorities[4] as well as many other areas where sustainable development can be supported and strengthened.

29. Governments attach great importance to United Nations support in the area of sustainable development. In a survey conducted for the quadrennial comprehensive policy review in 2012, "environment and sustainable development" was ranked by Governments as the most important area among the Organization's contributions at the country level. For example, 93 out of 111 Governments were of the view that the

[4] See Department of Economic and Social Affairs and UNDP, Synthesis of National Reports for Rio+20, 2012.

United Nations was especially significant in this area. A total of 80 per cent of the Governments that responded to the same survey also singled out environment and sustainable development as the most critical area of United Nations assistance in the next four years. As a result, both the Rio+20 outcome document and the quadrennial comprehensive policy review invite United Nations entities to further enhance the mainstreaming of sustainable development in their respective mandates, programmes, strategies and decision-making processes.

30. Nevertheless, requests by Governments for United Nations support in the area of sustainable development originated overwhelmingly from the Ministries of Environment and Natural Resources. Some requests concerned support for green economy strategies, which were largely viewed as an environmental issue. A number also related to building national institutions able to pursue sustainable development.[5]

31. As a result, United Nations support focused predominantly on the environmental dimension of sustainable development. This emphasis on one dimension misses many potential benefits, such as integrated national planning, human resources development, education and labour/employment policies.

32. In the area of policy development, the United Nations development system has gained experience in supporting countries to develop nationally owned strategies with clear goals and targets such as the Millennium Development Goals and other internationally agreed targets. These efforts, which have been limited mainly to social issues, provide useful experiences and lessons for the broader integration of all three dimensions of sustainable development. A 2012 survey of United Nations country teams on Rio+20 themes revealed that a number of country teams had successes in helping countries to include some aspects of sustainable development dimensions in broader national planning efforts.[5]

Box 5
UNDP/UNEP Poverty-Environment Initiative

The UNDP/UNEP Poverty-Environment Initiative shows how cooperation in support of Governments helps to make sustainable development happen in the context of national strategies. In Bangladesh, assistance to the Ministries of Planning, Environment and Finance since 2008 has had promising results: (a) poverty-environment-climate issues have been incorporated into key national and sectoral planning documents; (b) a climate public expenditure and institutional review has allowed the Government to ensure that funds for adapting or mitigating climate change are allocated the best way; and (c) proposals seeking public funding in Bangladesh must now demonstrate the percentage of poor people who will benefit, what the impact on natural resources will be, and the extent of resilience of new infrastructure to climate change.

[5] See United Nations Development Group Task Team on Environmental Sustainability, Climate Change and Rio+20, Report of Findings from a Survey of United Nations Country Teams on Rio+20 Themes, 19 March 2012.

33. In 2012, a significant number of Governments reported greater alignment between country priorities and United Nations Development Assistance Frameworks. This shows a movement towards integrating priorities and objectives at the country level that should aid in furthering sustainable development in countries where planning documents integrate sustainable development.[6]

34. In the area of programming, the United Nations Development Group has defined environmental sustainability as one of the five programming principles to be applied by United Nations country teams in preparing and implementing the United Nations Development Assistance Frameworks. A peer review of the Frameworks signed in 2010 showed that work in this area is somewhat narrowly focused on environmental issues.[7] Since the United Nations Development Group is developing new guidelines for preparing the United Nations Development Assistance Frameworks, it will be important to ensure that sustainable development and the need to address its three dimensions are mainstreamed in all such Frameworks.

Box 6
United Nations Development Group

Various United Nations Development Group mechanisms produce detailed operational guidance on specific themes for use across organizations in their country-level work. In 2009, the United Nations Development Group Task Team on Environmental Sustainability, Climate Change and Rio+20 developed a guidance note on mainstreaming environmental sustainability in country analysis and the United Nations Development Assistance Framework, responding to demands by United Nations country teams for such a tool. There are also guidelines on integrating climate change[a] and indigenous people's issues in country analysis and United Nations Development Assistance Frameworks.[b] United Nations Development Group task teams provide periodic training on such guidance to ensure their effective use in planning and programming, including integrated training on environmental sustainability, climate change and disaster risk reduction.

[a] http://www.undg.org/docs/11473/UNDG-GuidanceNote_ClimateChange-July2011.pdf.
[b] http://www.undg.org/index.cfm?P=270.

35. Going forward, gaps and challenges that hinder the United Nations development system in mainstreaming sustainable development at the country level must be identified, addressed and regularly monitored and evaluated. Enhanced coordination within the United Nations country teams is critical in that regard. For example, in the surveys conducted for the 2012 quadrennial comprehensive policy

[6] See report entitled "Results of survey of UN Resident Coordinators and members of UN country teams: Preparation for the 2012 Quadrennial Comprehensive Policy Review of Operational Activities for Development of the United Nations System", available from http://www.un.org/esa/coordination/2012qcpr.htm.

[7] See United Nations Development Assistance Framework Programming Network, United Nations Development Group, Synthesis of an inter-agency peer desk review of 2010 signed UNDAFs.

review, nearly 20 per cent of Governments and United Nations country teams noted that sustainable development is among the areas most susceptible to competition among United Nations agencies for financial resources.

36. Cooperation between United Nations country teams and international financial institutions remains relatively weak. For example, only 5.5 per cent of United Nations country team members perceived cooperation with the World Bank to be "very effective"; in the case of the regional development banks, the percentage was 3.6.[6] It is worth noting that environmental protection is one of the areas where such cooperation is taking place and seen as relatively effective.

37. To overcome fragmentation, the quadrennial comprehensive policy review mandated several measures to improve country-level coordination, for example, strengthening the authority of the resident coordinator, harmonizing agency-specific programming instruments and processes in alignment with the United Nations Development Assistance Framework and better capturing the expertise of non-resident agencies.

38. Beyond coordination, United Nations country teams identified other challenges and gaps,[5] including limited financial and human resources, in both Governments and United Nations country teams, and high turnover in management and project staff; insufficient coordination in Governments; lack of knowledge and reliable data and information; sustainable development themes being a low government priority and the concepts not being well-understood; and Governments being in the process of significant change.

39. Correspondingly, a number of suggestions to improve country-level service delivery were identified by United Nations country teams.[5] These included focusing on national ownership and capacity enhancement; supporting greater coordination and information-sharing; ensuring adequate and predictable resources; establishing capacity-building programmes within Government and the United Nations to better integrate the three dimensions of sustainable development; and simplifying routine organizational procedures and norms for addressing emerging issues.

40. At the subnational level, effective approaches are important to engage people and communities together with local authorities, agencies and other partners in sustainable development planning processes and implementation systems. This in turn contributes to informing national-level strategies, policies and plans.

Box 7
Tools to help support countries in sustainable development

The African Development Bank (AfdB), the United Nations, the World Bank and the Organization for Economic Cooperation and Development (OECD) developed a toolkit of policy options to support inclusive green growth.[a] The toolkit combines existing tools, such as environmental fiscal reform and social protection, from all three dimensions of sustainable development and assesses them accordingly.

A global survey on integrated approaches to the development, management and use of water resources was conducted for the 2012 UN-Water report "UN-Water Global Analysis and Assessment of Sanitation and Drinking Water: The Challenge of Extending and Sustaining

Services". It provides guidance for establishing a regular international monitoring and reporting framework to promote sustainable development and water resources management.

The Joint United Nations Industrial Development Organization (UNIDO)-UNEP Programme on Resource Efficiency and Cleaner Production promotes the implementation of resource-efficient practices and green technologies in the industrial sectors of developing countries. It operates national cleaner production centres in 41 developing countries.

[a] Available from http://www.undp.org/content/undp/en/home/librarypage/environment-energy/toolkit-inclusive-green-growth/.

Box 8
Integrating economic, social and environmental dimensions in national policies

ILO and the International Monetary Fund (IMF) conducted joint assessments on costing of social protection floors in El Salvador, Mozambique and Viet Nam. Further work is under way in other countries, including Benin, Cambodia and Nepal.

IMF helps to design fiscal policy to mitigate greenhouse gases and provides technical assistance to countries interested in environmental tax reform. Fiscal policies have a critical role to play in "getting the prices right" (incorporating environmental side effects into the prices firms and households pay for energy or transportation) to promote greener growth.

B. Integrating the three dimensions of sustainable development at the regional and subregional levels

41. At the regional level, the integration of the three dimensions of sustainable development in the work of the United Nations system takes place through: (a) intergovernmental meetings and processes of the five regional commissions; and (b) regional activities of the secretariats of the five regional commissions and United Nations inter-agency support mechanisms, such as the regional coordination mechanism, convened by regional commissions and United Nations Development Group regional teams.

42. The intergovernmental meetings of the regional commissions play an important role in relating international agreements on sustainable development to the regional and national levels. This role is likely to be enhanced by the decision of the Economic Commission for Africa (ECA) at its last regional implementation meeting to replace the meeting with a high-level regional political forum on sustainable development, in preparation for future sessions of the high-level political forum on

sustainable development created at Rio+20.[8] Regional conferences of specialized agencies have also proved to be effective in mainstreaming policy and programmes since they bring together cross-sectoral and multidisciplinary actors under a government-driven platform.

43. A study done in 2011 on regional dimensions of the United Nations[9] found that the secretariats of the regional commissions were seen as multidisciplinary knowledge hubs and thus well-placed to support regional intergovernmental processes and actions and to strengthen United Nations inter-agency cooperation and coordination at the regional and subregional levels.

44. The regional coordination mechanism aims to develop a shared vision on sustainable development in the regions and promote the joint implementation of sustainable development commitments and policies, including the Rio+20 outcome, by all United Nations entities active in the regions. The mechanism is also used to strengthen coordination among the work programmes of United Nations system organizations at the regional level. United Nations Development Group regional teams provide leadership, strategic guidance and support to resident coordinators and United Nations country teams for the achievement of country-level results. In its resolution 67/226, the General Assembly asked resident coordinators and United Nations country teams to draw more upon the normative support work and policy expertise that exists within the regional commissions and requested the regional commissions to further develop their analytical capacities to support country-level development initiatives (see para. 150 of the resolution). This makes it all the more important for the secretariats of the regional commissions to integrate economic, social and environmental dimensions, and their interactions, in their analytical work.

45. In recent years, work at the regional level has moved towards supporting a more integrated approach to development. Some regional commissions are coordinating around themes, including those directly related to sustainable development (for example, the Economic Commission for Latin America and the Caribbean (ECLAC)/Union of South American Nations joint action plan on social issues, energy infrastructure and other issues). More integrated thinking is also being seen in some regional publications. Innovative tools are also being developed, such as the Economic and Social Commission for Western Asia (ESCWA) indicators for sustainable development, used to gauge alignment with the three dimensions of sustainable development, or the joint Economic Commission for Europe (ECE)-Eurostat-OECD framework for the measurement of sustainable development.

46. All the regional commissions have been promoting the development of environmentally sustainable economic agendas as a path for development in their respective regions. Since the Fifth Ministerial Conference on Environment and Development in Asia and the Pacific, held in 2005, the Economic and Social Commission for Asia and the Pacific (ESCAP) has been promoting green growth, sustainable urbanization, energy security and water resources management and has supported a sustainable and green future for the Asia-Pacific region.

47. The secretariats of the regional commissions play an important role in the integration of the three pillars of sustainable development in the work of the United

[8] See E/ECA/CFSSD/8/4/Rev.1, para. 12 (a).

[9] *The Regional Dimension of Development and the UN System*, a study sponsored by the United Nations regional commissions, November 2011.

Nations. However, they currently maintain sectoral divisions and committees, making the integration of the three dimensions in their work challenging. There is an awareness of this obstacle and plans to evolve structures in at least the Asia-Pacific region have been made. Some regional commissions, such as ESCWA, are having sectoral divisions lead on multisectoral issues; for example, its Social Development Division is leading on small and medium-sized enterprises and capacities to sustain rural livelihoods and employment. ESCWA's workplan for 2014/15 is more integrated than those of previous years because of increased inter-divisional consultations.

48. The 2011 study mentioned in paragraph 43 above identified a need for better integration of the three dimensions of sustainable development. Its recommendations include the need for a coherent regional strategy for development; further development of the regional coordination mechanisms as vehicles for policy and programme coordination at the levels of heads of agencies and senior officials; and greater coherence and cohesiveness between the work of regional coordination mechanisms and regional United Nations Development Group teams.

49. The 2011 study also identified a significant degree of engagement by United Nations organizations with non-United Nations regional intergovernmental bodies and entities. This helps to inject sustainable development approaches in other forums and enrich the United Nations approach through learning from other experiences.

C. Integrating the three dimensions of sustainable development at the global level

Intergovernmental bodies

50. At the global level, the integration of the three dimensions of sustainable development in the work of the United Nations system should be bolstered by the guidance of the General Assembly, the Economic and Social Council and its subsidiary bodies, the United Nations Environment Assembly of UNEP and the governing bodies of United Nations system organizations.

51. A cursory review of a few intergovernmental decisions in recent years shows that consideration of sustainable and/or integrated development approaches has not been systematic.

52. The General Assembly considers sustainable development issues in both its Second and Third Committees. The Second Committee has a dedicated item on sustainable development. The Second Committee considers the economic dimension while the Third Committee focuses on the social dimension. Interaction between the two Committees is nevertheless limited, which hinders the ability of the Assembly to give impetus to integrated policymaking.

53. The Economic and Social Council is the United Nations body that deals with the integrated and coordinated implementation of and follow-up to major United Nations conferences in the economic, social and environmental fields. Yet, it remains a challenge for the Council to look at the three dimensions of sustainable development in all its outcomes. The ongoing consultations on the strengthening of the Council are an opportunity to gear the Council and its subsidiary machinery towards achieving a balanced integration of the three dimensions of sustainable development (see General Assembly resolution 66/288, annex, para. 83).

54. Ensuring coherent intergovernmental guidance on sustainable development is complicated by each United Nations system organization having its own governing body. Decisions by executive boards of funds and programmes and governing bodies of specialized agencies also often do not systematically integrate the three dimensions of sustainable development.

55. Such considerations led the Rio+20 Conference to launch a major change in the institutional framework for sustainable development. It emphasized the need to improve implementation, coordination, coherence and integration of the three dimensions of sustainable development.

56. A cornerstone of this reform was the decision to establish a high-level political forum on sustainable development. Intergovernmental negotiations on the format and organizational aspects of the forum's work are ongoing. Without prejudging their outcome, it is clear that the forum could give impetus to integrating sustainable development as an overarching framework to the work of all United Nations system intergovernmental bodies and organizations. This would help Member States to send a unified message to United Nations system organizations, including through their respective governing bodies, on the need to take an integrated approach to economic, social and environmental policies and actions.

57. The forum should also help to integrate the work of the United Nations Environment Assembly of UNEP, which represents the environmental dimension of sustainable development, within its own work and other strands of intergovernmental work.

58. There is also a need to find effective ways for the United Nations Secretariat and the entire United Nations system to support the work of the forum. Sustainable development should be consistently reflected in the analytical work of the United Nations in support of the high-level political forum. Disaggregated data collection and analysis are also needed to develop a better understanding of the trade-offs and synergies generated by an integrated approach.

59. Lessons from the past 20 years of inter-agency coordination, be it the Inter-Agency Committee on Sustainable Development, coordination around clusters of issues or the Executive Committee on Economic and Social Affairs plus model, could help to design a new structure to support preparations, follow-up and implementation of the forum's work.

60. The Economic and Social Council and the forum should ensure appropriate accountability of the United Nations system to Member States on how it supports sustainable development (see General Assembly resolution 66/288, annex, para. 78) and also reflect the interaction between government priorities and United Nations support. While the Council already has this role vis-à-vis United Nations operational activities, the forum could be the space for undertaking an overall review around specific themes or goals.

61. The work of the forum needs to be reinforced by ensuring that the General Assembly and the Economic and Social Council and its subsidiary machinery address sustainable development as an organizing principle of their work. As members of the governing bodies of the United Nations system organizations, Governments have also committed to take measures to ensure that organizations mainstream the three dimensions of sustainable development in their operational work (see General Assembly resolution 66/288, annex, para. 94).

62. Ultimately, the success of a revamped intergovernmental framework for sustainable development will be measured by how well the sustainable development approach is integrated in United Nations support and national policies at the country level.

Inter-agency mechanisms

63. The United Nations System Chief Executives Board for Coordination (CEB), which brings together the executive heads of 29 United Nations system organizations under the leadership of the Secretary-General, is taking specific actions towards integrating sustainable development dimensions within the United Nations system.

64. The contribution of CEB and its subsidiary bodies, the High-level Committee on Programmes, the High-level Committee on Management and the United Nations Development Group can be manifold. It can mobilize the United Nations system's expertise or experience; enable synergies that result from aggregating and coordinating ongoing processes across the United Nations system; define a framework for addressing longer-term issues; or bring together the normative and operational aspects of sustainable development and help Member States to combine them effectively in policy formulation.

65. In October 2012 and April 2013, the High-level Committe on Programmes addressed the issue of sustainable development in the context of the post-2015 development agenda. The Committee concluded that mainstreaming sustainable development in the work of the United Nations system requires greater cooperation and collaboration among United Nations organizations on sectoral, technical and programmatic issues in order for the Member States to benefit from the combination of system-wide specialized knowledge and operational expertise.

66. The High-level Committee on Programmes selected a range of critical sustainable development issues that warrant consideration within the United Nations system over the next three to five years. These include population dynamics; migration; land, food and nutrition security; and energy, water, climate change and oceans.

67. Within CEB, UN-Energy, UN-Water, UN-Oceans, the High-level Task Force on the Global Food Security Crisis and the High-level Committee on Programmes Working Group on Climate Change work to enhance coherence and coordination among a broad range of United Nations agencies and other stakeholders in response to specific global sustainable development challenges. UN-Water is in the process of finalizing a joint United Nations system position in support of possible water-related targets in the sustainable development goals and the post-2015 development agenda. UN-Energy brings United Nations system organizations together in support of Member States' actions by focusing on an integrated approach between energy and other sustainable development factors.

68. Concrete steps towards mainstreaming sustainability in the area of management are also being undertaken by the High-level Committee on Management. In 2013 the Committee decided that all member organizations will move towards adopting and implementing environmental management systems through a gradual voluntary and flexible process, starting with initiatives that carry a low implementation cost. These actions will contribute to reducing the United Nations system's environmental footprint through better management practices, improved efficiencies and a reduction

in operating costs. Significant additional savings could be generated, including from integrated waste and wastewater management, construction and vehicle procurement/maintenance (see box 4 above).

69. Other coordination mechanisms exist outside CEB, such as the Environment Management Group and the Executive Committee on Economic and Social Affairs plus,[10] which helped to prepare Rio+20 and now works on its follow-up.

70. The United Nations also created a task team on the post-2015 development agenda and a technical support team on sustainable development goals to support intergovernmental processes in those areas.

71. Inter-agency structures have played an important role in specific endeavours of the United Nations system to mainstream major themes in its work (see box 9 below), particularly climate change and gender equality. Lessons can be drawn from these experiences for mainstreaming sustainable development.

72. These various efforts have brought about a proliferation of inter-agency mechanisms and have occasionally posed difficulties in ensuring coherent guidance on integrating the three dimensions, while also limiting the effectiveness of inter-agency work at the level of individual agencies and in countries.

73. There may be a need for an overarching framework for integrating the three dimensions of sustainable development at all levels of the work of the United Nations system, be it policies, programmes or operations management, or analytical, normative or operational work. The sustainability framework developed by the Environment Management Group can serve as a basis for moving in that direction, provided the economic dimension is integrated. CEB can play an important role in guiding the development of such a framework.

Box 9
Mainstreaming thematic issues in the work of the United Nations system

Climate change

Although often perceived as environmental in nature, the complex challenges of climate change also affect the social and economic sectors, requiring a multidisciplinary solution that speaks to all levels of development activities. From this, multiple points of coordination for mainstreaming climate change considerations have been engaged in the United Nations system.

The CEB framework for action on climate change endorsed in 2008 seeks to maximize synergies, eliminate duplication and overlap, and optimize the impact of the collective efforts of the United Nations system in supporting countries in implementing strategies to address climate change. The High-level Committee on Programmes Working Group on Climate Change facilitates United Nations system follow-up to the framework for action.

[10] The Executive Committee on Economic and Social Affairs works through 10 clusters, including 1 on social development; see http://www.un.org/en/development/other/ecesa/mission.shtml.

Many of the challenges faced at the country level have a climate change component. This has become more widely understood through efforts to mainstream climate change in country-level planning, supported by guidance and training by the United Nations Development Group.

Gender

Strengthening gender mainstreaming came as a response to the series of United Nations conferences on women and gender equality. A United Nations system-wide policy on gender equality and the empowerment of women was endorsed by CEB in 2006. In response, two of potentially three interconnecting and mutually reinforcing mechanisms have been developed as an accountability framework for implementation:

(a) A system-wide action plan on corporate processes and institutional arrangements at the individual United Nations entity level. This action plan was approved by CEB in 2012. Unified annual reporting for the action plan began in 2013, the results of which will set a baseline for reporting to ensure United Nations system accountability;

(b) United Nations country team performance indicators for gender equality and the empowerment of women was introduced in 2008. The indicators focus on the performance of United Nations country teams as a whole, for example, with respect to the quality of the United Nations Development Assistance Framework, including its development and monitoring and evaluation; joint programmes and programming; and capacity development with counterparts;

(c) The third mechanism, accountability for the United Nations system's contributions to gender equality development results at the country and normative levels, is expected to be developed after the first two have taken root more firmly.

Accountability frameworks have required heavy initial investment of time, resources and staff, suggesting the suitability of a phased approach in the initial and intermediate stages of their development and implementation.

V. Strengths, challenges, gaps and lessons learned

74. The integration of economic, social and environmental dimensions, together with the issues of coherence and coordination, need to be central to discussions on implementing sustainable development. The United Nations system has extensive knowledge of the three dimensions and a number of innovative collaborations exist, such as the work of the Social Protection Inter-Agency Cooperation Board on social protection floors of the Poverty-Environment Initiative. Guidance from coordination mechanisms is strengthening coherence across organizations. However, integrating the three dimensions of sustainable development in the work of the United Nations system and in its support to Member States and partners is uneven and remains

hindered by key challenges and gaps. A number of strengths, challenges, gaps and lessons learned are outlined below.

75. **Strengths.** A number of broad institutional strengths and accomplishments in integrating sustainable development exist:

(a) There is a high level of institutional awareness that an integrated approach to address interlinkages in development is an important and necessary evolution of the development agenda and that sustainable development is the overarching framework to make that happen;

(b) There is a comprehensive array of knowledge and skills within the United Nations system that address all three dimensions of sustainable development, strengthened further by strategic partnerships;

(c) A series of coordination mechanisms are in place at all levels to support policy coherence and multidisciplinary approaches, two important building blocks of sustainable development that should be further strengthened;

(d) The United Nations system takes both a top-down (from strategic plans to programmes) and bottom-up (from country and programme realities to strategic plans) approach to integrating social, economic and environmental dimensions in its work. Some innovative work has been done from the bottom up, where the theory of sustainable development is put into practice and institutional learning serves to continuously improve projects and programmes that are driven by national and subnational needs;

(e) There are examples of innovative programmes, some in place for over a decade, that integrate the three dimensions of sustainable development.

76. **Challenges and gaps.** Broad institutional challenges limiting the integration of sustainable development dimensions were found, including:

(a) *Unclear and inconsistent terminology and understanding.* A broad common understanding of what it means to translate sustainable development into the work of the United Nations system is still needed. This would support the development of clear common objectives on sustainable development and help to determine, in many cases, what has been achieved on sustainable development;

(b) *Sectoral silos.* The overall institutional arrangements remain shaped along sectoral lines, hindering efforts for a more integrated approach to development. The same challenge persists at the national level with sectoral government ministries. There is a need to change sectoral thinking and pursue integrated practices in the United Nations system. This will also require a reassessment of needed staff competencies and regular training of staff to ensure that sustainable development translates into their work, be it analytical or operational;

(c) *Imbalances among the three dimensions.* Cooperation among United Nations entities in the economic, social and environmental pillars is increasing. However, additional efforts are needed to collectively help Governments to develop policies that pursue the economic, social and environmental dimensions of sustainable development together. Cooperation between the Bretton Woods institutions and the rest of the United Nations system needs to be further deepened, building on the good progress made in recent years and months;

(d) *Lack of a process to assess impact or measure progress.* While many processes and mechanisms are in place to help facilitate the integration of sustainable development, there is currently no common capability to assess impact or measure progress in the integration of sustainable development, including into programming and projects;

(e) *Difficulty in scaling up successes.* While a number of positive examples of integrating the three dimensions of sustainable development can be identified, how to scale up those successes remains a challenge;

(f) *Knowledge.* The United Nations system requires further analysis and guidance on how to mainstream sustainable development, not only at the policy level but also at the project/programme level to help move policy to practice;

(g) *Resource constraints.* Insufficient resources within Governments or for the United Nations system was often cited as an obstacle to integrating the three dimensions, fostering coordination and building capacity;

(h) *Partnership.* Sustainable development requires an enhanced level of engagement and a more inclusive approach to partnerships, such as including major groups[11] and other stakeholders in the country-level planning process.

77. **Lessons learned.** Overall, lessons can be learned from the various efforts to integrate the three dimensions of sustainable development and from United Nations system experiences in mainstreaming other issues or thematic areas in the work of the United Nations system (see box 9 above):

(a) *Ensure high-level support.* Mainstreaming efforts have used entry points at the headquarters or country levels. Either way, an intergovernmental mandate or decision is needed at some juncture to enable the initiative to build, sustain momentum and attract the resources it needs. It is important that a unified message come from the intergovernmental bodies;

(b) *Engage Member States and the United Nations system with a common purpose at the global, regional and country levels.* Work through the inter-agency machinery to translate that purpose into activities and policies;

(c) *Develop a clear methodology, guidance and/or tools that include a clear objective and how to reach it.* Although some individual United Nations entities have developed tools and guidance to further sustainable development in their work, the United Nations system does not yet have a set of unified measurable objectives for integrating the three dimensions of sustainable development. The development of the sustainable development goals should help to address this;

(d) *Capacity-building.* This is needed to ensure effective understanding of how to use tools and report effectively. Enhanced analytical work is also needed on how to develop and implement integrated policies;

(e) *Establish a common reporting mechanism.* This may be accompanied by a set of indicators to measure progress over time.

[11] Major groups include business and industry, children and young people, farmers, indigenous peoples, local authorities, non-governmental organizations, the scientific and technological community, women, workers and trade unions.

VI. Conclusions and recommendations

78. Today's development realities challenge the United Nations system to work across its own structures and mandates and to better integrate economic, social and environmental concerns into its policy, programmatic and operational activities.

79. The present report has shown that coordination mechanisms and policies are increasingly in place to support an integrated approach but that, in many cases, much more needs to be achieved. Sustainable development has grown from theory to good practice, but the impact of the United Nations system's interventions has not been systematically captured to aid institutional learning. The breadth of what sustainable development means for the full range of United Nations system activities has not yet been fully grasped.

80. The development community is on the cusp of an historic opportunity, since a new overarching development agenda and sustainable development goals are being developed. These will play a critical role as guideposts for nationally owned policies, international cooperation and the work of the United Nations system. The system must be ready to support their implementation when they are agreed upon in 2015.

81. The high-level political forum created at the Rio+20 Conference could have a key role in reviewing the sustainable development goals and the post-2015 development agenda and in spurring an integrated approach to economic, social and environmental dimensions throughout the United Nations system bodies and organizations. The United Nations system must mobilize to support its role in the most effective way.

Recommendations

82. Within this broad context, a few steps could be taken in the future, with guidance from Member States:

(a) A road map for accelerating the integration of the three dimensions of sustainable development in the work of the United Nations system would provide a useful framework for action. This could involve recommendations for developing a framework based on the environment and social sustainability framework initiated by the Environment Management Group;

(b) The Secretary-General could report to the high-level political forum on progress by the United Nations system in integrating the three dimensions of sustainable development in its work. In general, reporting could start in 2014 and include an account of how the United Nations system will help the Secretariat to support the high-level political forum and of progress on developing the above-mentioned road map. A subsequent report in 2015 could outline a road map and framework for integrating the three dimensions of sustainable development in the work of the United Nations system. Following that, the Secretary-General could report every two years on the topic;

(c) As Member States engage in the development of a new generation of strategic plans for 2014-2017 for some of the funds, programmes and specialized agencies, it will be important to bear in mind the recommendation in the Rio+20 outcome document that the governing bodies of the funds, programmes and specialized agencies of the United Nations development system consider appropriate measures for integrating the social, economic and environmental dimensions across

the operational activities of the United Nations system. The respective secretariats will provide the support needed by Member States to prepare strategic plans that address the three dimensions of sustainable development in an integrated fashion;

(d) The United Nations country teams have a wealth of guidance notes and related material to draw from in preparing United Nations Development Assistance Frameworks. As such, the main thematic elements of sustainable development are covered; what is missing is a clear direction emphasizing the integration of the economic, social and environmental dimensions of sustainable development. As part of its ongoing review, the United Nations Development Group should ensure that the guidelines for the preparation of United Nations Development Assistance Frameworks are aligned with sustainable development principles and supportive of integrating the three dimensions of sustainable development. A dialogue with partner Governments will be important, since United Nations Development Assistance Frameworks are planning frameworks shared with Governments and are developed in response to key development plans.

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World economic situation and prospects as of mid-2013**

Summary

Despite improved global financial conditions and reduced short-term risks, the world economy continues to expand at a subdued pace. After a marked downturn over the past two years, global economic activity is expected to slowly gain momentum in the second half of 2013 and 2014 on the back of accommodative monetary policies in developed and developing economies. Most world regions are likely to see a moderate pickup in activity, but growth will continue to be below potential and employment gains, especially in developed economies, will remain weak at best. The short-term risks associated with the situation in the euro area, the fiscal adjustments in the United States of America and the economic slowdown in large developing countries have diminished, but not disappeared. At the same time, new medium-term risks have emerged, including possible adverse effects of unconventional monetary measures in developed economies on global financial stability. These risks have the potential to once again derail the feeble recovery of the world economy. The main priority for policymakers worldwide should therefore be to support a robust and balanced global recovery, with a focus on promoting job creation. International policy coordination needs to be enhanced to mitigate negative policy spillovers, curb protectionism, promote cooperation in reforming the international financial system and ensure sufficient resource flows to developing economies, in particular the least developed countries.

* E/2013/100.

** The present document updates *World Economic Situation and Prospects 2013* (United Nations publication, Sales No. E.13.II.C.2), released in January 2013.

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Global macroeconomic trends

Subdued global growth in 2013, some improvement expected for 2014

1. Despite improved global financial conditions and reduced short-term risks, the world economy continues to expand at a subdued pace. After a marked downturn over the past two years, global economic activity is expected to slowly gain momentum in the second half of 2013. Most world regions are likely to see a moderate strengthening, but growth will still remain below potential. In the baseline outlook, global growth has been revised slightly downward from the forecasts presented in the *World Economic Situation and Prospects 2013*. Growth of world gross product is now projected at 2.3 per cent in 2013, the same pace as in 2012, before gradually strengthening to 3.1 per cent in 2014 (see table 1). Several key risks and uncertainties remain, and, if not mitigated, could derail global growth again, as in the past few years.

2. Since late 2012, several new policy initiatives in major developed economies have reduced systemic risks and helped stabilize consumer, business and investor confidence, but with very limited impacts on growth. In the euro area, sovereign bond risk premiums of debt-distressed countries have fallen notably, but the real economy is held back by austerity programmes, weak bank lending and continued uncertainty, and only a very gradual recovery is expected as these factors diminish. Significant downside risks remain if the vicious cycle of deleveraging and banking sector fragility continues unabated. In the United States of America, the avoidance of the fiscal cliff and the expansion of monetary easing, along with a continued recovery in the housing sector, have improved growth prospects. While private sector demand is projected to gradually strengthen, the automatic spending cuts and uncertainties associated with budget issues will continue to weigh on aggregate demand. In Japan, the bold expansionary policy actions adopted by the monetary and fiscal authorities are expected to provide some support for economic activity in the short run. They may, however, also create heightened medium-term uncertainties regarding the sustainability of public debt.

3. Developing countries and economies in transition continue to register much stronger growth than developed economies. In response to the economic slowdown in 2012, many of them, including some large countries in East Asia, South Asia and Latin America, adopted more expansionary monetary and — to a lesser extent — fiscal policies to strengthen domestic demand. This, along with a slight upturn in external demand, should provide a lift to economic growth in 2013. The pickup in growth will, however, be slower than previously estimated as many large economies in this group, including Brazil, China, India and the Russian Federation, face significant structural challenges. Potential growth in many developing countries is likely lower than before the global financial crisis; China, for example, is expected to have shifted to a lower but more sustainable and balanced growth trajectory. The least developed countries are projected to see faster growth in 2013 than in the past two years. However, with commodity demand moderating and official development assistance falling, the pace of expansion in least developed countries will still be notably slower than during the period from 2004 to 2008.

Table 1
Growth of world output, 2011-2014
(Annual percentage change)

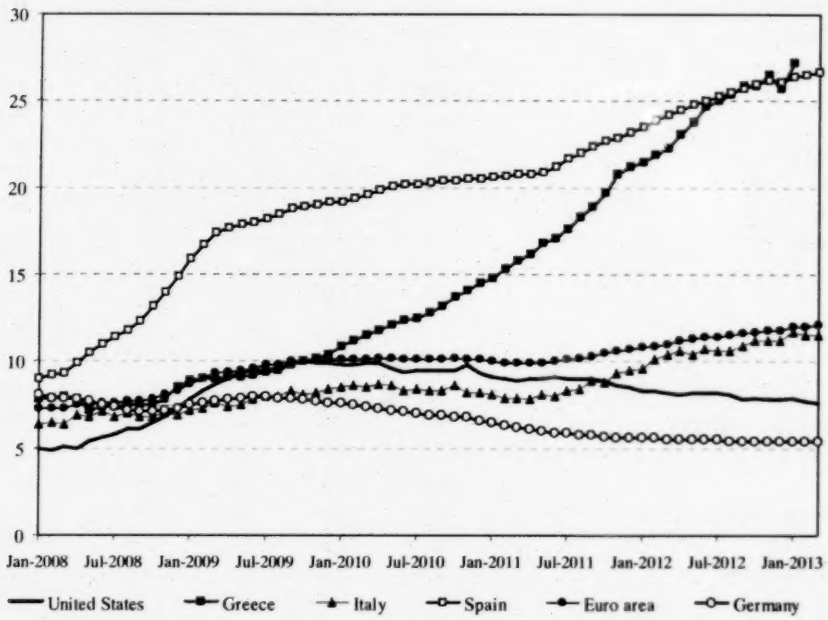
					Change from January 2013 forecast	
	2011	2012[a]	2013[b]	2014[b]	2013	2014
World	2.8	2.3	2.3	3.1	-0.1	-0.1
Developed economies	1.4	1.2	1.0	2.0	-0.1	0.0
United States of America	1.8	2.2	1.9	2.6	0.2	-0.1
Japan	-0.6	2.0	1.3	1.6	0.7	0.8
European Union	1.5	-0.3	-0.1	1.3	-0.7	-0.4
15 European Union members	1.4	-0.4	-0.2	1.3	-0.7	-0.3
New European Union members	3.2	0.8	1.1	2.2	-0.9	-0.7
Euro area	1.4	-0.6	-0.4	1.1	-0.7	-0.3
Other European	1.6	1.9	1.7	2.2	0.2	0.3
Other developed countries	2.5	2.6	2.0	2.7	0.0	-0.3
Economies in transition	4.5	3.2	3.1	3.7	-0.5	-0.5
South-Eastern Europe	1.1	-1.1	1.0	1.8	-0.2	-0.8
Commonwealth of Independent States and Georgia	4.8	3.5	3.3	3.9	-0.5	-0.5
Russian Federation	4.3	3.4	2.9	3.5	-0.7	-0.7
Developing economies	5.8	4.6	5.0	5.4	-0.1	-0.2
Africa	1.0	5.1	4.6	5.1	-0.2	0.0
North Africa	-5.6	5.6	3.6	4.4	-0.5	-0.1
East Africa	6.3	6.1	6.2	6.3	0.1	0.2
Central Africa	5.1	5.5	5.3	5.4	0.6	0.9
West Africa	6.1	6.4	6.7	6.9	0.1	0.1
Southern Africa	3.9	3.6	3.9	4.4	-0.1	0.0
East and South Asia	6.9	5.5	5.8	6.1	-0.2	-0.2
East Asia	7.1	5.9	6.1	6.3	-0.1	-0.2
China	9.2	7.8	7.8	7.7	-0.1	-0.3
South Asia	6.4	3.9	4.7	5.4	-0.3	-0.3
India	7.5	5.1	5.5	6.1	-0.6	-0.4
Western Asia	6.8	3.1	3.4	3.8	0.1	-0.3
Latin America and the Caribbean	4.3	3.0	3.6	4.2	-0.3	-0.2
South America	4.5	2.5	3.5	4.2	-0.5	-0.2
Brazil	2.8	0.9	3.0	4.2	-1.0	-0.2
Mexico and Central America	4.0	4.0	3.9	4.1	0.0	-0.5
Caribbean	2.7	2.5	3.0	3.7	-0.7	-0.1
Least developed countries	3.4	3.8	5.8	5.7	0.1	0.2
Memorandum items:						
World trade[c]	6.9	2.7	3.5	5.0	-0.8	0.1
World output growth with purchasing-power-parity-based weights	3.7	3.0	3.1	3.8	-0.2	-0.2

Source: Department of Economic and Social Affairs.
[a] Partly estimated.
[b] Forecast, based in part on Project LINK.
[c] Includes goods and services.

Labour markets: more pains in the euro area

4. The employment situation remains a key policy challenge in a large number of economies, as the world economy continues to expand well below its potential. Among developed countries, unemployment is most severe in parts of the euro area, which continue to see sharp contractions of economic activity amid stringent fiscal austerity programmes (see figure 1). In early 2013, the unemployment rate increased to 26.7 per cent in Spain and 27.2 per cent in Greece, with youth unemployment rates exceeding 59 per cent. In addition, unemployment is still on the rise in other euro area countries such as Belgium, Finland, France and Italy. Average unemployment in the euro area reached a new all-time high of 12.1 per cent in March 2013, and is forecast to average 12.8 per cent in 2014. The unemployment rate in the United States has fallen, but is still high by historical standards and the drop partly reflects a significant decline in labour force participation. Long-term unemployment remains near historic highs. Some further improvement is expected in the outlook period, with United States unemployment forecast to average 7 per cent in 2014.

Figure 1
Unemployment rates in selected developed countries, January 2008-March 2013
(Percentage of labour force, seasonally adjusted)



Source: Statistical Office of the European Commission and United States Bureau of Labor Statistics.

5. In most developing regions, labour markets have not suffered as extensively from weak demand as in developed economies. In some emerging economies, unemployment rates have dropped below the levels seen before the financial crisis, particularly in South America and East Asia. In both regions, the employment

outlook has remained robust in the face of the recent economic slowdown. By contrast, employment continues to be a key problem in many African countries, despite relatively high growth rates over the past few years. Developing countries face many structural labour market challenges, such as low participation rates, particularly among women, high youth unemployment, large informal sectors, high shares of low-quality jobs and slow productivity growth. Employment-population ratios remain particularly low in North Africa and Western Asia and have declined significantly in South Asia in recent years.

Trade expected to pick up only moderately

6. After slowing in 2012, growth in international trade is projected to pick up moderately in 2013 and 2014, in line with the expected mild recovery in global aggregate demand. Notably, the ratio between the growth of world trade and the growth of global output may be at a lower level than before the global financial crisis.

7. In 2012, global trade volume growth declined sharply to only 2.7 per cent as a result of a synchronized slowdown in import demand in developed economies and many large developing countries. In Europe, import demand contracted, constrained by austerity measures, private deleveraging and rising unemployment. Import growth also weakened markedly in some large emerging economies, such as China, which had a strong effect on exports by resource-rich developing countries. In 2013, growth in global trade volume is projected to recover slightly to 3.5 per cent, before strengthening to 5 per cent in 2014. This forecast reflects expectations of a moderate pickup in import demand in developed economies and most developing regions, in particular East Asia and Latin America and the Caribbean.

Commodity prices face downward pressures

8. International prices for primary commodities remain elevated by historical standards, but face downward pressure in the outlook period. In 2013, the aggregate commodity price index is expected to decline marginally owing to feeble global demand. A further decline of 3.3 per cent is forecast for 2014 as supply for metals and oil is likely to expand notably and the dollar is expected to strengthen against other major currencies.

9. The price of Brent crude oil remained elevated during the first half of 2013, although supply continued to exceed demand following Saudi Arabia's activation of significant spare capacity last year. For 2013 as a whole, an average price of $110 per barrel is expected, slightly lower than in 2012. With oil demand from developed countries declining and the United States and Iraq attempting to step up production, the average annual price is forecast to drop further to $100 per barrel in 2014. Renewed geopolitical tensions in the Middle East could, however, increase the risk premium for oil prices.

10. The prices of agricultural commodities are expected to ease in 2013 as supply improves. The relatively high prices for key staples in recent years have encouraged farmers to increase planting areas. By contrast, average prices of metals and minerals are forecast to rise slightly in 2013, partly owing to an expected pickup in global industrial activity in the course of the year. However, in some cases, such as aluminium and copper, higher production will limit the price increases. In 2014, metal prices are expected to decline somewhat on the back of further expansions in supply and lower investment growth in China.

Global inflation slowing further

11. Despite the massive monetary easing by major central banks, inflation remains tame worldwide, partly reflecting large output gaps and high unemployment. Global inflation is projected to moderate further to 2.6 per cent in 2013, down from 2.9 per cent in 2012. This decline mainly results from somewhat lower inflation in the United States and Europe in the face of subdued demand, continued high unemployment and contained energy and food prices. In the economies in transition, by contrast, inflation is expected to accelerate from 6 per cent in 2012 to 7.3 per cent in 2013 as utility prices, nominal wages and public spending put upward pressure on prices. Average inflation in the developing economies will increase slightly from 5.4 per cent in 2012 to 5.6 per cent in 2013. This increase will stem from both cyclical factors, including a pickup in demand in parts of East Asia and Latin America and the Caribbean, and one-off policy measures such as lower fuel subsidies and higher minimum wages. Various economies, especially in South Asia and Africa, will continue to face high inflation rates, mainly owing to elevated inflationary expectations, rapid credit growth and structural bottlenecks such as energy shortages. In 2014, global inflationary pressures are expected to remain mild even as economic activity, particularly in developed countries, strengthens. Most developing regions are likely to see a moderate decline in inflation as international commodity prices ease.

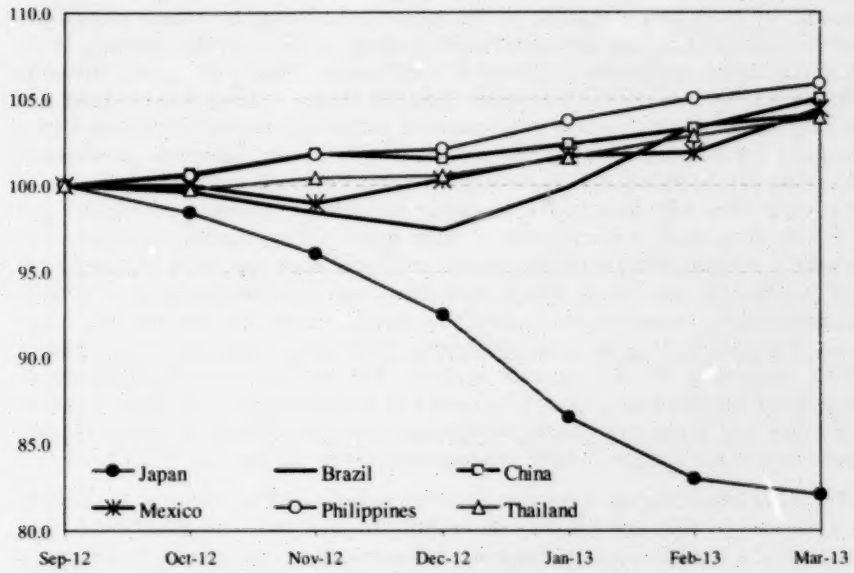
Capital flows to emerging economies rise; risks looming on the horizon

12. Global financial conditions have stabilized in recent months as new policy initiatives in developed economies, including a further expansion of unconventional monetary policies, reduced the near-term tail risks for the world economy. Increased global liquidity and higher risk appetite among investors have led to rising asset prices in developed countries, while also pushing up capital flows to emerging economies. These capital flows have been dominated by portfolio investments, especially in corporate debt. In many emerging economies, large corporations have taken advantage of low borrowing costs. Bond markets in East Asian countries as well as Mexico and Turkey saw particularly large inflows in late 2012 and early 2013. Foreign direct investment flows to emerging economies have also strengthened since mid-2012.

13. The upward trend of private capital flows to emerging economies is likely to continue as significant growth and interest rate differentials will persist in the near term. However, the current environment of low global interest rates, moderate volatility and rising risk appetite among investors poses considerable risks for emerging economies. A further surge in capital inflows could lead to an appreciation of domestic currencies, excessive credit growth and a build-up of significant leverage and asset price bubbles. Corporate leverage and foreign exchange-denominated debt have indeed been on the rise in parts of East Asia and Latin America, a trend which, if continued, could lead to an increase in balance sheet risks and heightened vulnerability.

14. In contrast to private capital flows, net official development assistance declined by 6 per cent in nominal terms in 2012. In real terms, this is the first time since 1997 that official development assistance has fallen in two consecutive years. Most of the fall was due to lower contributions from European countries, many of which were facing severe fiscal constraints.

Figure 2
Nominal effective exchange rate, Japan and selected emerging economies, September 2012-March 2013
(Index: September 2012 = 100)



Source: Department of Economic and Social Affairs of the Secretariat, based on data from the Bank for International Settlements.

Exchange rates: Yen depreciates sharply; upward pressure on currencies in emerging economies

15. The past three quarters have seen two major trends in international currency markets, resulting from the expansion of unconventional monetary policies in developed economies and lower risk aversion among investors. First, the Japanese yen has depreciated sharply against all major currencies following the fundamental changes in the country's monetary policy strategy (see figure 2). Against the dollar, the yen depreciated by 22 per cent between September 2012 and April 2013. Second, the currencies of many large emerging economies have appreciated gradually since late 2012, mainly as a result of rising capital inflows. Upward pressures on the national currencies have been particularly significant in Brazil, Mexico, the Philippines and Thailand. The Chinese renminbi also strengthened gradually, reaching a 19-year high against the dollar in the second quarter of 2013. In several emerging economies, policymakers have expressed concerns over the shifts in competitiveness associated with the recent swings in exchange rates and the resulting negative impact on local export sectors. The sharp weakening of the yen puts particular pressure on the export industries of some East Asian countries (notably the Republic of Korea), but the magnitude of this effect is uncertain. Since capital flows to emerging economies are expected to increase in the quarters ahead, upward pressures on national currencies are likely to persist, especially in countries where economic prospects become more favourable.

Regional outlook

Developed economies

16. The economy of the United States registered moderate growth in the first quarter of 2013 after stagnating at the end of 2012. There have been measurable improvements, including substantial gains in equity prices, a notable recovery in the housing market, and moderate growth in employment. These were largely driven by the continuing purchases of long-term securities by the Federal Reserve Bank and the agreement of the Congress to permanently maintain lower income tax rates for a majority of households. However, the activation of the automatic government spending cuts in March 2013 is expected to weigh down the economy for the rest of the year. This will restrain the fledgling recovery in private consumption and business investment. External demand from major trading partners is expected to remain lacklustre in 2013. On the positive side, continued support is expected from the Federal Reserve Bank, which committed itself to maintaining an extremely accommodative monetary stance until the unemployment rate declines to 6.5 per cent. The growth of gross domestic product (GDP) is forecast at 1.9 per cent in 2013, lower than the 2.2 per cent of 2012. The process of deleveraging in the household and financial sectors is expected to gradually ease over the next years. This may lead to improved lending conditions, ease credit constraints and strengthen consumption spending, with GDP projected to grow by 2.6 per cent in 2014.

17. After expanding by 2 per cent in 2012, Japan's GDP is projected to grow by 1.3 per cent in 2013 and 1.6 per cent in 2014. In early 2013, the new Government introduced a stimulus package that aims at boosting domestic demand. This package consists of a supplemental budget to increase central government spending by 10.3 trillion yen (about 2.2 per cent of GDP) and a new style of monetary easing by the Bank of Japan. The new policy attempts to propel the annual consumer price index inflation rate to 2 per cent within two years by increasing the Bank's annual purchases of Japanese Government bonds to 50 trillion yen. The Bank expects that pushing down the yields for long-term securities and formally adopting inflation targeting will cause inflation expectations to rise, encouraging consumption and investment. Consumer price inflation is expected to turn positive and reach 0.3 per cent in 2013 and 1.5 per cent in 2014, assuming that the planned increase in the consumption tax rate in April 2014 will be implemented. The wage rate is also expected to rise mildly. The average unemployment rate is projected to decline from 4.4 per cent in 2012 to 4.0 per cent in 2013, mainly owing to the continued decrease in the labour force. The increase in household labour income is expected to support private consumption, especially in 2014. The recent sharp depreciation of the yen will contribute to a moderate recovery in exports in 2013 and 2014.

18. Western Europe remains mired in either recession or at best extremely low growth conditions. In the fourth quarter of 2012, GDP fell sharply for most countries; despite improved confidence, economic activity is estimated to have declined further in most countries during the first quarter of 2013. While activity is projected to pick up in the second half of 2013, the weak starting point and low momentum are expected to lead to yet another year of weak or negative growth. In the euro area, GDP is projected to decline by 0.4 per cent in 2013 after falling by 0.6 per cent in 2012. Only a small expansion of 1.1 per cent is forecast for 2014. While growth is generally weak, there remains considerable diversity of performance. Germany is expected to grow by 0.6 per cent in 2013 and the United Kingdom of

Great Britain and Northern Ireland by 0.7 per cent, but France is projected to register near zero growth, and Italy and Spain to contract by 1.5 and 1.7 per cent, respectively. The crisis countries (except Ireland) are expected to experience far worse contractions. Growth is held back by several factors: fiscal austerity, particularly in the crisis countries; weak banking systems which continue to tighten lending conditions; exceptionally low intra-regional demand; and contagion effects of the sovereign debt crisis which hurt confidence region-wide. The toxic feedback loop between weak sovereign debt positions and banking sector fragility remains active as does the downward cycle of austerity, low growth, missed fiscal targets and further austerity. The poor growth profile has led to increasing rates of unemployment for most Western European countries. In the euro area, unemployment is expected to increase from 11.9 per cent in 2012 to 12.7 per cent in 2013, and peak in 2014 with a full-year average at 12.8 per cent. Inflation is expected to decelerate further owing to the large output gap and receding pressures from energy prices.

19. The new European Union member States in Central and Eastern Europe will continue to see subdued growth in 2013, although the pace of expansion is projected to pick up in the second half of the year. Growth of aggregate GDP is forecast to accelerate from 0.8 per cent in 2012 to 1.1 per cent in 2013 and 2.2 per cent in 2014. Three countries, the Czech Republic, Hungary and Slovenia, entered a recession in 2012, and the Slovenian economy may shrink further in 2013. The protracted weakness in the euro area will drag down exports of the new European Union members and foreign direct investment inflows into the region. Although liquidity measures of the European Central Bank mitigated pressure on the parent banks from the EU-15 (which provide a large share of the lending in the region through local subsidiaries), those banks still continue cross-border deleveraging, constraining credit lines to the region. Domestic demand remains subdued owing to weak labour markets, stagnant real wages and fiscal austerity. Despite loose monetary policies, private credit has remained weak. Growth in Poland is expected to decelerate further to 2 per cent in 2013. For the smaller, export-oriented economies in Central Europe, near-zero growth is projected, while the economies of the Baltic States may expand at an average rate of about 3 per cent. Inflation subsided in early 2013, and it is expected to continue on a moderate path in the near term.

Economies in transition

20. Economic performance in the countries of the Commonwealth of Independent States (CIS) and Georgia is expected to remain diverse in 2013. The aggregate GDP of CIS and Georgia is projected to expand by 3.3 per cent in 2013, down from 3.5 per cent in 2012. Provided the global economic environment gradually improves, growth is forecast to strengthen to 3.9 per cent in 2014. The prospects of the region's major energy exporters remain closely linked to international commodity prices, especially oil and natural gas, underscoring the need for industrial diversification. Economic growth in the Russian Federation, which strongly impacts its CIS neighbours through trade, foreign direct investment and remittance flows, is expected to slow down further from 3.4 per cent in 2012 to 2.9 per cent in 2013 in the face of challenging global conditions. Domestic demand is also slowing in response to weaker confidence and moderate inflation. Growth is expected to remain low in Belarus and Ukraine. Abundant global liquidity has facilitated access by the CIS countries to financial markets. Nevertheless, Ukraine, which faces significant foreign debt payments in 2013, may still need balance of payments support from the

International Monetary Fund. Growth may slightly accelerate in Azerbaijan, driven mostly by the non-energy sector. The countries of Central Asia will continue to register high growth rates on the back of strong export revenues and fiscal spending. In Kazakhstan, growth may accelerate thanks to the development of a new major Caspian Sea oil field. Economic activity in Armenia, Georgia, Kyrgyzstan, Tajikistan and Uzbekistan will continue to be supported by remittances from migrant workers. Inflation in the CIS area is expected to exhibit divergent trends in 2013, with a gradual slowdown projected in the Russian Federation.

21. The countries of South-Eastern Europe will see another year of meagre economic performance in 2013, after several economies entered recession in 2012. The aggregate GDP of South-Eastern Europe, which contracted by 1.1 per cent in 2012, will expand by only 1 per cent in 2013, with a mild strengthening to 1.8 per cent forecast for 2014. The weak performance reflects unfavourable external conditions and feeble domestic demand. The ongoing weakness in Greece, Italy and Slovenia, which are important export destinations and sources of foreign direct investment and remittances for South-Eastern Europe, remains a drag on the region's near-term prospects. High unemployment and stagnant wages, coupled with deleveraging by businesses and households and lack of lending growth, continue to suppress private consumption and investment. The region's economies have limited policy space, as they are trying to rebuild fiscal buffers and monetary polices are constrained by formal and informal pegs to the euro. Strong exposure to the Greek banking sector remains a risk for the region.

Developing economies

22. Africa is expected to grow by 4.6 per cent in 2013 and 5.1 per cent in 2014. This implies a very moderate downward revision by 0.2 percentage points for 2013, mostly owing to the negative impact of the slowdown in developed economies on economic activity. Over the forecast horizon, growth drivers include further increases in output in the natural resources sector, which underpins rising fiscal expenditure, especially in infrastructure projects. West Africa, in particular Nigeria, will benefit from continued high oil prices, despite some declines in output. At the same time, Africa's trade and investment ties with emerging and developing economies are expected to intensify further. Across the region, rising incomes and urbanization are supporting growth of domestic demand, which helps to reduce the exposure to external economic shocks. As a consequence, increasing diversification, for example into services (such as telecommunications and construction) will continue to create a more solid growth profile. In East Africa, these sectors as well as a growing banking sector will contribute to continued economic expansion, especially in Kenya. Growth is expected to strengthen only slowly in Southern Africa, pulled down by South Africa, which faces massive labour market challenges. High unemployment, combined with massive underemployment, continue to constitute a major policy challenge in many countries. Average inflation is forecast to moderate further, based on lower food prices and slightly moderating oil prices. However, this cannot mask the fact that in several countries, such as the Sudan and Malawi, inflation remains stubbornly high. Egypt faces a problematic combination of rising prices, unsustainable subsidies and falling currency reserves. Risks to the outlook include a more severe global economic slowdown with negative impacts on trade, tourism and remittances; a more pronounced negative effect of the fiscal problems in developed countries on ODA flows; and adverse weather conditions.

23. Economic growth in East Asia is projected to pick up slightly in the outlook period, following the marked slowdown since mid-2011. The region's GDP is forecast to expand by 6.1 per cent in 2013 and by 6.3 per cent in 2014, up from 5.9 per cent in 2012, but well below the 7.1 per cent recorded in 2011. The mild upturn is expected to be underpinned by robust growth in domestic demand and a gradual recovery in exports amid slowly improving global conditions. China's economy has likely shifted to a lower growth trajectory. The new Government is focused on the transition towards more balanced, equitable and sustainable growth, with an eye towards the underlying structural challenges of the economy. On the basis of a weaker-than-expected expansion in the first quarter, China's full-year growth in 2013 is projected at 7.8 per cent, the same pace as in 2012. The region's higher-income and strongly export-oriented economies are likely to see a mild recovery during the outlook period in line with a pickup in global demand. Growth in these economies will, however, remain well below potential, particularly in the Republic of Korea. In Indonesia, Malaysia, the Philippines and Thailand, the growth momentum is expected to remain fairly robust owing to buoyant consumption and investment demand. In most economies, domestic demand will be supported by stable labour market conditions, strong household income growth and accommodative monetary policies. Average consumer price inflation is forecast to accelerate only slightly to 3.1 per cent in 2013 as further weakening of global commodity prices, combined with an appreciation of most national currencies, helps curb inflationary pressures. Monetary and fiscal policies are expected to become slightly less accommodative in the outlook period, although central banks will remain reluctant to raise interest rates, fearing further increases in capital inflows.

24. After experiencing a sharp slowdown over the past two years, South Asia is expected to see a moderate recovery. The region's GDP is projected to expand by 4.7 per cent in 2013 and by 5.4 per cent in 2014. The recovery will be based partly on an upturn in private demand, following the recent easing of monetary policy, and a gradual strengthening of exports amid slowly improving global conditions. Structural factors such as stubbornly high inflation, large fiscal deficits, political uncertainties, fragile security conditions and transport and energy constraints will keep growth and investment below potential. In India, full-year growth slowed to 5.1 per cent in 2012 owing to ongoing weakness in investment, a significant deceleration in household consumption and sluggish exports. While India's growth is likely to have bottomed out, the recovery will be slower than previously expected, with economic activity forecast to expand by 5.5 per cent in 2013 and 6.1 per cent in 2014. The rest of the region continues to be characterized by stark differences in economic performance; growth in 2013 is projected to range from -0.3 per cent in the Islamic Republic of Iran to more than 6 per cent in Bangladesh and Sri Lanka. Monetary policy is constrained by persistently high consumer price inflation, which is forecast to average 12.4 per cent in 2013. Energy shortages, high inflationary expectations and adjustments in administered fuel and electricity prices continue to provide upward pressure on prices. Fiscal policy space is limited by large budget deficits of more than 5 per cent of GDP in most economies.

25. Economic growth in Western Asia decelerated in the second half of 2012 owing mainly to weakening external demand, especially from the euro area. Most oil-exporting countries increasingly relied on their weakly diversified non-oil sector as a source of economic growth. Economic activity also decelerated in oil-importing countries, burdened by high import bills, slackening demand and shrinking policy

space. Turkey and Israel were particularly affected by the deteriorating external environment and experienced a significant drop in full-year growth. Average regional economic growth is expected to increase slightly from 3.1 per cent in 2012 to 3.4 per cent in 2013 on the back of gas production in Israel and rebounding private demand in Turkey. Assuming a gradual recovery in the developed economies from the second half of 2013, regional economic growth is forecast to accelerate to 3.8 per cent in 2014. Several Gulf Cooperation Council countries scaled back their oil production during the last quarter of 2012 to absorb excess supply in the market and support high prices. For most Council countries, ongoing large public expenditures in both the oil and non-oil sectors support investment and consumption. The civil war in the Syrian Arab Republic continues to weigh on the risk perception of the region, especially of neighbouring countries. In Jordan and Lebanon, trade, tourism and investment have remained subdued.

26. Economic growth in Latin America and the Caribbean is expected to accelerate from 3.0 per cent in 2012 to 3.6 per cent in 2013 and 4.2 per cent in 2014. This will mainly be driven by a strengthening of domestic demand, in particular investment spending. In Mexico and Central America, economic activity is projected to expand by 3.9 per cent in 2013, a pace similar to the past few years. However, growth will continue to be strongly affected by developments in the United States economy. In South America, growth will strengthen to 3.5 per cent in 2013 as the economies of Argentina and Brazil gradually gain momentum. Brazil is expected to grow by 3.0 per cent, driven by a rebound in investment demand following monetary policy loosening and reductions in energy costs and payroll taxes. In Argentina, the agriculture sector will drive the upturn, but business confidence remains weak. The Caribbean is expected to expand by 3.0 per cent in 2013, 0.5 percentage points higher than in 2012. Across the region, domestic demand continues to be supported by robust labour markets, most notably in South America and Mexico. The regional unemployment rate declined to a multi-year low of 6.4 per cent in 2012, and is likely to remain low in the short term. The regional fiscal position slightly deteriorated in 2012, and public debt remains high in the Caribbean countries. However, many countries, especially in South America, retain space for countercyclical policies. The inflation outlook is fairly stable, although inflation is expected to accelerate somewhat in 2013 amid more accommodative monetary policies in some countries.

27. The economies of the least developed countries are projected to see a marked increase in growth from 3.8 per cent in 2012 to 5.8 per cent in 2013. Improved economic and political conditions in the Sudan and Yemen, following severe economic contractions in the last two years, account for much of this improvement. Oil and mineral exporting countries will continue to benefit from relatively high commodity prices and investment in new production capacities. However, these countries remain vulnerable to sudden and drastic swings in commodity demand. While solid primary commodity exports will produce some positive wider impacts regarding the reduction of poverty and increases in incomes, the lack of a more equitable distribution of these benefits remains a major problem in several least developed countries. In many least developed countries, the agriculture sector dominates the economy, generating volatile macroeconomic performances owing to the dependence on weather conditions and harvest levels. The Gambia, for example, is projected to see a jump in growth from 2.4 per cent in 2012 to 8.2 per cent in 2013 owing to a strong harvest. For the least developed countries in aggregate, the

solid growth performance will translate into higher per capita growth of 3.5 per cent in 2013, although this will fall short of the increase needed for a more pronounced reduction in poverty levels.

Uncertainties and risks

28. The world economy continues to face significant uncertainty, with risks still tilted to the downside. The *World Economic Situation and Prospects 2013*, released in January, examined three major global risks and analysed their potential impact on global growth: a substantial worsening of the euro area crisis; the United States falling off the fiscal cliff; and a hard landing for some large developing economies. Since then, there has been improvement in some of these areas, with short-term risks diminishing but not disappearing. These three risks are updated below.

29. Meanwhile, new risks and uncertainties have emerged, particularly for the medium run. First, the ever-expanding monetary measures adopted in developed economies could have significant adverse effects on financial stability in the future. The bold new policy actions adopted by Japan, for example, could help reverse the country's economic weakness, but they also entail certain risks and uncertainties as already evidenced by the sharp devaluation of the yen. Second, a prolonged period of subdued growth in many economies, with high unemployment and inadequate investment, may have led to noticeably lower potential output in the world in the medium term. These factors and other risks, including those beyond the economic domain (such as geopolitical risks and natural disasters), have the potential to derail the still feeble global recovery. This could lead to much lower growth in the world economy than what is projected in the baseline outlook.

Euro area risks diminished, but still potent

30. The crisis in the euro area remains a major risk factor for the world economy, although recent policy actions have lowered some of the short-term risks. In particular, the European Central Bank's Outright Monetary Transactions programme and other policy initiatives since late 2012 have significantly reduced sovereign risks and the risk of a euro area break-up. This explains why the political impasse in Italy and the Cypriot bank bail-out have caused only limited disturbances.

31. Despite the progress, considerable banking and fiscal risks remain. A large number of banks still have weak balance sheets, remain fragile and could face insolvency. The recent Cypriot bail-out actually raised risks in the banking sector by increasing the possibility of bank runs. This has heightened the urgency to create a region-wide banking union, but significant uncertainties over the time frame and the final form remain. In addition, despite improved bank liquidity, there continues to be considerable fragmentation in financial conditions across the region. Lending conditions are very tight in the Southern countries, particularly for small and medium-sized businesses, but markedly easier in other parts of the region. The ongoing lack of adequate access to funding in the crisis countries hinders economic activity, exacerbates unemployment and could threaten the recovery.

32. Lower sovereign yields, meanwhile, have not yet broken the downward spiral formed between fiscal consolidation and the economic downturn. Risks on the fiscal front are primarily related to countries missing their fiscal targets and having to undertake additional austerity measures. The countries already under assistance programmes will have to follow agreed-upon consolidation and restructuring

measures. These measures may become more onerous, particularly in light of the harsh resolution to the recent Cypriot crisis, which demonstrated that support for assistance has dwindled. In countries not under assistance programmes, the key question is whether they will be forced to adopt new measures given that they are likely to miss their current deficit reduction targets.

Fiscal cliff in the United States averted, significant uncertainties remain

33. In the United States, the full impact of the fiscal cliff was averted when an agreement was reached in March 2013 over the Bush-era tax cuts, extending most, but not all of the cuts. But Congress failed to agree on a new deficit reduction plan, triggering automatic, across-the-board spending cuts (sequestration) worth $1.2 trillion over the next nine years. For the remainder of fiscal 2013, this is estimated to result in a cut of $85 billion. In the baseline outlook, it is assumed that the sequestration will be replaced at the end of the current fiscal year (September 2013) by a new agreement with a combination of some tax increases and lower spending cuts than in the sequestration. It is also assumed that Congress will increase the debt ceiling in May 2013.

34. Significant uncertainties and risks remain, however. Political gridlock may result in a failure to raise the debt ceiling and the sequestration may continue into 2014 and beyond. An additional risk is that the private sector proves to be less resilient than expected to the sequestration. If any of these transpire, economic growth in 2013-2014 would be much lower than projected in the baseline. Policy impasse and more fiscal tightening could erode consumer and business confidence, leading to weaker consumer spending, business investment and hiring. This, in turn, could undermine the recovery in the housing sector.

Risk of further slowdown in some large developing economies remains

35. Many large developing countries, including Brazil, China, India and the Russian Federation, saw a significant deceleration in GDP growth in the past two years, owing to a combination of weak external conditions and domestic impediments. In the baseline outlook for 2013-2014, growth in these economies is expected to strengthen in some cases, such as Brazil and India, and to stabilize in others, such as China. For some economies, however, the risk of a further considerable slowdown in growth remains.

36. In China, for example, economic activity moderated again in the first quarter of 2013, with growth slowing to 7.7 per cent year on year and 1.6 per cent quarter on quarter. While the baseline forecast projects growth to stabilize between 7 and 8 per cent in the coming years, the possibility of a slowdown to about 5 per cent cannot be ruled out. The major risks for China's economy are associated with the housing bubble, the surge in shadow banking activities, lack of transparency in local government debt, excess capacity in many key industrial sectors and challenges in economic restructuring and reforms. China's authorities have so far made only limited progress in addressing these interconnected challenges despite continuing policy efforts. After a short period of stabilization, housing prices started to move up again in 2012, triggering a new round of tightening measures in early 2013. Local government debt, through special financing vehicles, and shadow banking activities, which evade conventional banking regulations and supervisions, boomed over the past few years. The size of shadow banking loans reached an estimated

30 to 40 per cent of GDP by the end of 2012. Meanwhile, GDP growth continues to depend to a high degree on government-guided investment. This implies that the ongoing economic restructuring aimed at raising the consumption-to-GDP ratio and lowering the investment-to-GDP ratio entails the risk of slowing growth too rapidly. Without decisive policy action, a further moderation in GDP growth and rising financial risks could feed into each other to form a vicious cycle. As indicated in the *World Economic Situation and Prospects 2013*, a drop in China's growth to about 5 per cent would have a measurable impact on economic activity, especially in commodity-exporting developing countries.

Policy challenges

37. The top priority for macroeconomic policies worldwide remains to support a robust global recovery, with a focus on promoting job creation. The policy stance and policy mix in individual countries should, however, be based on country-specific circumstances, while taking into consideration potential tradeoffs and institutional and resource constraints. Meanwhile, international policy coordination should be enhanced to mitigate negative policy spillovers across countries, curb protectionism, promote cooperation in reforming the international financial system and ensure sufficient resource flows to the least developed countries.

Fiscal policy

38. The fiscal stance in most developed economies, with the salient exception of Japan, is expected to continue tightening in 2013, although the degree of tightening is expected to ease in some countries in 2014. In the United States, automatic government spending cuts were activated in March 2013. Real government spending is projected to decline markedly, by 4 per cent in 2013, and another 1 per cent in 2014, although it is possible that some of the cuts will be reduced by subsequent agreements in late 2013. In the euro area, countries in debt crisis or under debt distress are still subject to sizeable consolidation programmes, but the timetable for achieving targets has in some cases been extended. Countries facing limited fiscal pressures, such as Germany, are expected to adopt a more neutral fiscal stance. The European Union's new fiscal compact, which limits structural government budget deficits, entered into force on 1 January 2013. Fiscal policy in the region will thus remain tight over the next few years. Bucking the trend in developed economies, the Government of Japan launched a new fiscal stimulus package of about 2.2 per cent of GDP for fiscal year 2013, despite the fact that both the deficit and debt are among the highest in developed economies.

39. Concerns about future debt sustainability have been behind the fiscal tightening in many developed countries. Ceteris paribus, the higher the debt-to-GDP ratio, the higher the proportion of government revenue spent on interest payments. A continuously rising debt will eventually lead to a debt crisis. However, debt sustainability is not simply determined by the single indicator of the debt-to-GDP ratio, with a fixed threshold. Debt sustainability for a country depends on a complex set of variables, including, for example, interest rates, potential GDP growth, the proportion of debt held by foreign investors, the currency composition and term structure of debt, the domestic savings rate, external balances, the structure of government spending and revenue and the demographic structure. The wide range of these variables explains why some countries have fallen into debt crisis at a moderate debt ratio while others remain solvent at a much higher debt ratio.

40. The fiscal challenge for policymakers in most developed countries is to support a solid recovery in output and employment in the short run, while at the same time ensuring the sustainability of public finances in the long run. According to recent studies, the negative effects of fiscal tightening on output and employment in the current economic environment are much larger than originally estimated, particularly when a group of countries tighten their fiscal policies simultaneously. Therefore, for those countries facing low financing costs and high unemployment, it would be desirable to postpone fiscal tightening until the economy has recovered. At the same time, policymakers should lay out a credible plan for fiscal sustainability. Countries in debt crisis or facing high financing costs may have to front-load fiscal consolidation, but they should maintain adequate social protection for the most vulnerable groups and continue to invest in human capital, in the process of making necessary structural reforms to enhance long-run productivity. Spending cuts should also be combined with revenue measures, including measures to curb illegal tax evasion and aggressive tax avoidance, which cause tax revenue losses amounting to hundreds of billions of dollars every year.

41. By contrast, most developing countries and economies in transition are expected to adopt a relatively neutral fiscal stance, with mild tightening in some countries, such as Brazil and the Russian Federation, and a moderate expansion in others, such as China and the Republic of Korea. While these economies have lower government deficits and debt levels than developed economies, their fiscal positions are generally weaker than before the global financial crisis. In these economies, the structure and composition of government spending and revenue need to be adjusted according to country-specific priorities. For some countries, such as China, it is desirable to increase the proportion of public spending on the social safety net, health care and education; other countries, such as Brazil and India, need to enhance spending on infrastructure investment. In the long run, fiscal policy should be used to guide the transformation of the development model in these economies towards a more inclusive and sustainable system, for example through public investment in green technology.

42. The fiscal balances of the least developed countries will remain under pressure from various directions. Sustained public spending is needed to deal with a variety of serious issues, while the ability to raise tax revenues is often low. Since official development assistance accounts for a significant share of public revenue in many least developed countries, these countries are severely impacted by the move towards fiscal consolidation in developed economies.

Monetary policy

43. Major developed economies have recently strengthened their monetary policy measures, both quantitatively and qualitatively, in an attempt to offset the negative effects of tighter fiscal policies on output and employment. Policy interest rates in these countries are expected to remain at or close to zero in 2013-2014. The central banks will continue to implement large-scale asset purchasing programmes. A new key feature of these policy measures is the open-ended strategy, which sets neither the total amount nor the duration for asset purchases. This strategy seems to have worked better than earlier intermittent approaches in providing a more stable anchor to financial market expectations. The major central banks have also improved their communication by clearly articulating their policy intentions to reduce uncertainties for consumers and investors. For instance, the United States Federal Reserve Bank

has made its forward guidance regarding the anticipated path of the federal funds rate more explicit: it indicated that the rate would remain at the current exceptionally low level as long as the unemployment rate remains above 6.5 per cent and the projected inflation rate is below 2.5 per cent. The Bank of Japan has also explicitly defined its target to raise inflation to 2 per cent by 2015.

44. Major challenges for monetary policy in the developed economies lie ahead. One of them concerns when and how to unwind the large-scale asset purchasing programmes with a view to keeping inflation in check and avoiding risks of financial instability. For instance, the purchases may support delays in balance sheet cleanups in some banks, lead to excessive increases in asset prices and boost leverage- and risk-taking. The unwinding of securities held by the central banks could then trigger an abrupt increase in long-term interest rates resulting in losses for bond holders and a reversal of asset prices rises. The central banks should therefore have a forward-looking mechanism to mitigate possible financial instability when those unconventional measures end. They should also develop a sound exit plan for the medium term and provide effective forward-guidance to anchor inflation expectations.

45. The monetary stance varies across developing countries and economies in transition. Most recently, several of these economies, for example India, have reduced interest rates to counter the growth deceleration, while others, such as China, have mainly relied on liquidity operations without reducing policy interest rates. In the Russian Federation, monetary policy remains restrictive in response to elevated inflation. Challenges for monetary authorities in developing countries and economies in transition also vary. A majority of these economies still require a mild accommodative monetary stance to strengthen growth, particularly domestic demand, as external demand continues to be anaemic. A few economies with strong inflationary pressures may need a neutral stance or mild monetary tightening.

46. A common challenge for monetary authorities in developing countries and economies in transition is to deal with the spillover effects of unconventional monetary easing by developed countries, such as increased volatility in capital inflows and international commodity prices and appreciation pressures on local currencies. In some cases, the policy authorities may have to resort to controls on short-term capital inflows and macro-prudential measures.

International policy coordination

47. Most recently, the Group of 20 has reaffirmed its framework for strong, sustainable and balanced growth, which was launched in 2009. Under this framework, Group members running current account deficits, mainly the United States, pledged to undertake policies to support private savings and to consolidate their fiscal deficit. The surplus members agreed to strengthen domestic sources of growth, for instance by reducing financial market distortions, boosting productivity in service sectors and improving social safety nets.

48. The current account imbalances across major economies have narrowed significantly from the levels prior to the financial crisis. The external deficit of the United States is estimated to be less than 3 per cent of GDP in 2013, down substantially from the peak of 6 per cent of GDP in 2006. The surpluses of China, Japan and a group of oil-exporting countries have also declined correspondingly, with the surplus of China down from 10 per cent of GDP in 2007 to about 2 per cent

currently. International macroeconomic policy coordination should therefore currently be focused on strengthening the global recovery and jobs creation, but not necessarily on targeting balanced current accounts across major economies in the short run.

49. International policy coordination is also needed to mitigate the negative spillover effects of the unconventional monetary policy measures adopted in developed economies. It is in the interest of both issuers and holders of international reserve assets to maintain a stable value for these currencies. At the same time, strengthening growth in the depressed economies of the major issuers of international reserve currencies is also important for all of the world's economies. However, these growth-supporting policies may have the side effect of devaluating the national currencies. Therefore, balancing these twin objectives is a difficult task for the world's major central banks. Excess volatility of capital flows and international prices of primary commodities should be curbed, as it is particularly detrimental to developing countries because of their small market size and limited capacity to hedge.

50. International policy cooperation and coordination are needed to advance the reforms of the international financial system on several fronts. Five years after the eruption of the global financial crisis, progress in financial regulatory reform has been slow, encountering growing resistance from the financial industry. Some progress has been made in amending the global financial safety standards for the banking sector. A dozen countries have issued final regulations to implement Basel III and more countries have committed to do so during 2013. Progress has also been made in implementing over-the-counter derivatives reforms. On the other hand, the question of ending "too big to fail" remains pending, and recommendations from the Financial Stability Board for the oversight and regulation of the shadow banking sector have yet to be issued. More forceful efforts are needed to address the issues of international tax avoidance and evasion, particularly through tax havens.

51. The current phase of reforming the International Monetary Fund and the World Bank needs to be completed to make their governance structures more representative, responsive and accountable. While there has been progress in ratifying the 2010 Fund quota and governance reforms, the process has not been finalized. The new review of the quota formula should be resolved quickly to enhance the voice and participation of developing economies.

52. International policy cooperation should ensure that sufficient resources are made available to developing countries, especially the least developed countries and countries which possess limited fiscal space and face large financing needs for sustainable development and poverty reduction. Official development assistance flows have declined in real terms in both 2011 and 2012. With fewer than 1,000 days left to the deadline of the Millennium Development Goals, international donors should redouble their efforts to deliver on existing commitments. These resources are badly needed for developing countries to accelerate progress towards the achievement of the Goals by the end of 2015, and to lay a solid foundation for long-run sustainable development beyond 2015.

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Coordination, programme and other questions: mainstreaming a gender perspective into all policies and programmes in the United Nations system

Mainstreaming a gender perspective into all policies and programmes in the United Nations system

Report of the Secretary-General

Summary

The present report is submitted pursuant to Economic and Social Council resolution 2012/24 to assess progress made in the promotion of gender equality within the United Nations system. As requested in that resolution, particular emphasis is placed on accountability for system-wide work on gender equality and the empowerment of women at both the global and the country level, including the roll-out of the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women.

For the first time, the report of the Secretary-General on mainstreaming a gender perspective draws on reporting by 55 United Nations entities under the Action Plan. It also draws on information from 123 annual reports of resident coordinators for 2012. This has allowed for a more comprehensive presentation of system-wide information and evidence than in the past.

The report concludes with recommendations for consideration by the Economic and Social Council.

* E/2013/100.

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I. Introduction

1. The present report has been prepared pursuant to Economic and Social Council resolution 2012/24, in which the Council requested the Secretary-General to report on the implementation of the resolution, including on progress made in the implementation of the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women,[1] the new framework that increases accountability for United Nations work related to gender equality and the empowerment of women. The results of reporting in 2013, outlined below, provide the first baseline for the United Nations system's performance on gender mainstreaming at the corporate level against which future progress can be measured.

2. The report is organized in five sections. Following the present introduction, section II provides an overview of progress in the implementation of the Action Plan; section III assesses progress in United Nations entities' efforts to promote the mainstreaming of a gender perspective into all operational mechanisms; section IV presents an overview of remaining gaps and challenges; and section V includes recommendations aimed at accelerated action, for consideration by the Council.

3. The report draws on information and data provided by 55 United Nations entities through their reporting, 123 annual reports of resident coordinators for 2012 and other sources.

II. Promoting system-wide accountability of the United Nations for its work on gender equality and empowerment of women

4. The United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women[1] has enhanced accountability for the United Nations system's work on gender equality and the empowerment of women. Its adoption and use across the United Nations system reaffirm the value of applying a gender perspective to the broad spectrum of United Nations mandates for peace and security, human rights, development and humanitarian assistance.

5. With its agreed set of 15 performance indicators clustered in six broad and common functional areas,[2] the Action Plan established a new model for accountability, allowing a snapshot of the state of work to advance gender equality and the empowerment of women. In addition to setting common standards and providing a monitoring framework, it is also expected to motivate action and investments to meet those standards.

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[1] See www.unwomen.org/2012/04/un-women-welcomes-a-landmark-action-plan-to-measure-gender-equality-across-the-un-system/.

[2] The six areas correspond to the six elements of the 2006 gender equality policy of the United Nations System Chief Executives Board for Coordination: accountability; results-based management; oversight through monitoring, evaluation and reporting; human and financial resources; staff capacity; and coherence, coordination and knowledge management.

6. The Action Plan has resulted in several significant and immediate shifts in how the United Nations system approaches its work on gender equality and the empowerment of women, as shown in the table below:

Pre-Action Plan	*Post-Action Plan*
Limited guidance and direction on gender equality and the empowerment of women for the United Nations system	Agreed standards applied and monitored across the United Nations system
Repeated and unfulfilled requests from Member States for an accountability framework	A uniform and system-wide accountability framework, welcomed by the Economic and Social Council in its resolution 2012/24 and by the General Assembly in its resolution 67/226
Responsibility for work on gender equality and the empowerment of women limited to gender units and focal points	Decentralized responsibility and revitalization of gender equality and the empowerment of women across the United Nations system
Disparate and fragmented data and reporting on work on gender equality and the empowerment of women work	More coherent and harmonized data and reporting identifying United Nations-wide strengths and weaknesses

7. The results of the first year of Action Plan reporting will establish the baseline against which all future performance will be measured. United Nations system entities, departments and offices have until 2017 to meet the performance standards, which are outlined below.[3]

A. Baseline reporting

8. The Action Plan framework captures performance and progress through a gradated self-rating system with five steps: not applicable; missing;[4] approaches requirements; meets requirements; exceeds requirements. "Meets requirements" is the minimum the United Nations system should achieve, on the basis of intergovernmental mandates. Reporting on remedial action plans, which include time frames, budgets and responsibilities, is mandatory for ratings below "meets requirements". Remedial action plans present measures expected to facilitate further progress; they will be central for ensuring progress and accountability under the System-wide Action Plan.

[3] Technical entities and those with fewer than 500 staff have until 2019 to meet the performance standards.

[4] "Not applicable" means that the indicator was not relevant to a given entity (e.g. if it did not have an evaluation office). "Missing" means that the entity has carried out no work in the area covered by the indicator.

9. Fifty-five entities submitted reports, or 82 per cent of those required to do so.[5] Each submission was reviewed by the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women). After revisions and resubmission by entities, a discrepancy between the entity and UN-Women as to the accuracy of the rating remained in only 3 per cent of cases, demonstrating that the performance indicators constitute clear measures.[6] Twelve entities (50 per cent of them United Nations research or training institutes) did not report, which is a matter of concern.

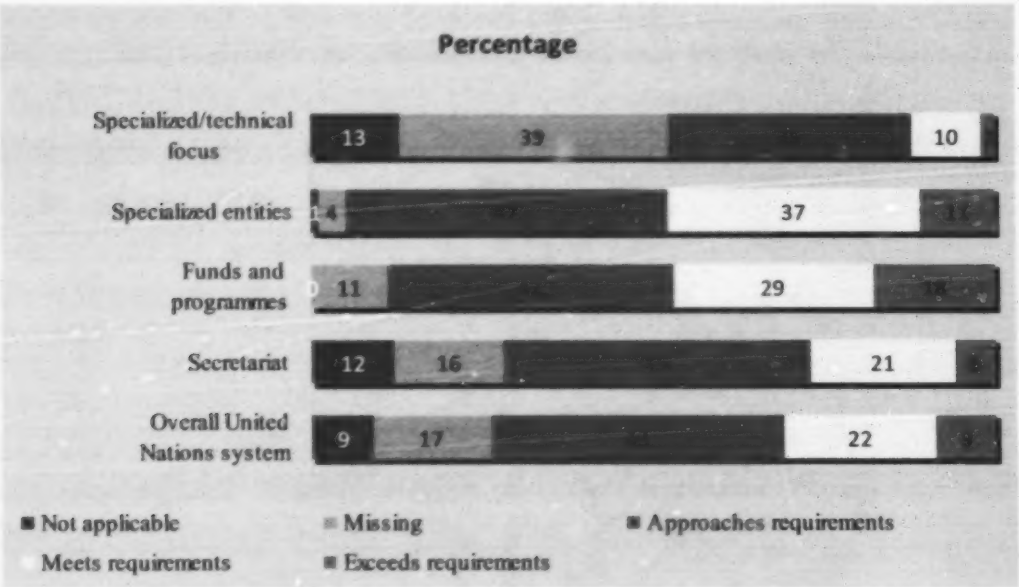
[5] Reporting entities organized into the categories under which analysis has been carried out are (a) United Nations Secretariat: Office of the Special Representative of the Secretary-General for Children and Armed Conflict, Department of Economic and Social Affairs, Department of Field Support, Department of Management, Department of Political Affairs, Department of Public Information, Department of Peacekeeping Operations, Department of Safety and Security, Economic Commission for Europe (ECE), Economic Commission for Latin America and the Caribbean (ECLAC), Economic and Social Commission for Asia and the Pacific (ESCAP), Economic and Social Commission for Western Asia (ESCWA), Office of Administration of Justice, Office for the Coordination of Humanitarian Affairs, Office for Disarmament Affairs, Office of the United Nations High Commissioner for Human Rights (OHCHR), Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, Office of Internal Oversight Services (OIOS), Office of Legal Affairs, Peacebuilding Support Office, United Nations Conference on Trade and Development (UNCTAD), United Nations Environment Programme (UNEP), secretariat of the United Nations Framework Convention on Climate Change (UNFCC), United Nations Human Settlements Programme (UN-Habitat), United Nations Office on Drugs and Crime (UNODC), United Nations Office at Geneva, United Nations Office at Nairobi; (b) funds and programmes: International Fund for Agricultural Development (IFAD), International Organization for Migration (IOM), International Trade Centre (ITC), Joint United Nations Programme on HIV/AIDS (UNAIDS), United Nations Capital Development Fund, United Nations Population Fund (UNFPA), United Nations High Commissioner for Refugees (UNHCR), United Nations Children's Fund (UNICEF), United Nations Office for Project Services (UNOPS), United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), United Nations Volunteers programme (UNV), United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women), World Food Programme (WFP); (c) specialized entities: Food and Agriculture Organization of the United Nations (FAO), International Labour Organization (ILO), International Training Centre of ILO, United Nations Educational, Scientific and Cultural Organization (UNESCO), World Health Organization (WHO); (d) specialized entities with a technical focus: Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO), International Atomic Energy Agency (IAEA), International Maritime Organization (IMO), International Telecommunication Union (ITU), United Nations Industrial Development Organization (UNIDO), Universal Postal Union (UPU), World Intellectual Property Organization (WIPO), World Tourism Organization (UNWTO), World Meteorological Organization (WMO). The 12 entities that did not report on the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women are (a) training and research institutes: United Nations Interregional Crime and Justice Research Institute, United Nations Institute for Disarmament Research (UNIDIR), United Nations Institute for Training and Research (UNITAR), United Nations Research Institute for Social Development (UNRISD), United Nations System Staff College, United Nations University (UNU); (b) Secretariat: Department for General Assembly and Conference Management, Economic Commission for Africa (ECA), Office of the Special Adviser on Africa, United Nations Office for Disaster Risk Reduction, United Nations Office at Vienna; (c) specialized entities with a technical focus: International Civil Aviation Organization (ICAO). The World Bank, the International Monetary Fund (IMF) and the World Trade Organization (WTO) participated in the development and roll-out of the Action Plan, but noted that they would not report on it, given their status vis-à-vis the United Nations system.

[6] The technical notes to the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women define each of the indicators to ensure a common understanding of the rating, thereby ensuring comparability.

10. For purposes of analysis, entities were grouped into four categories (see figure I and footnote 5), on the basis of the standard United Nations organizational breakdown,[7] facilitating analysis of data for the whole system, for its component parts and by performance indicator (see figure II).

B. Overall findings for 2013

Figure I
Performance ratings of the United Nations system in respect of the 15 performance indicators, by entity type



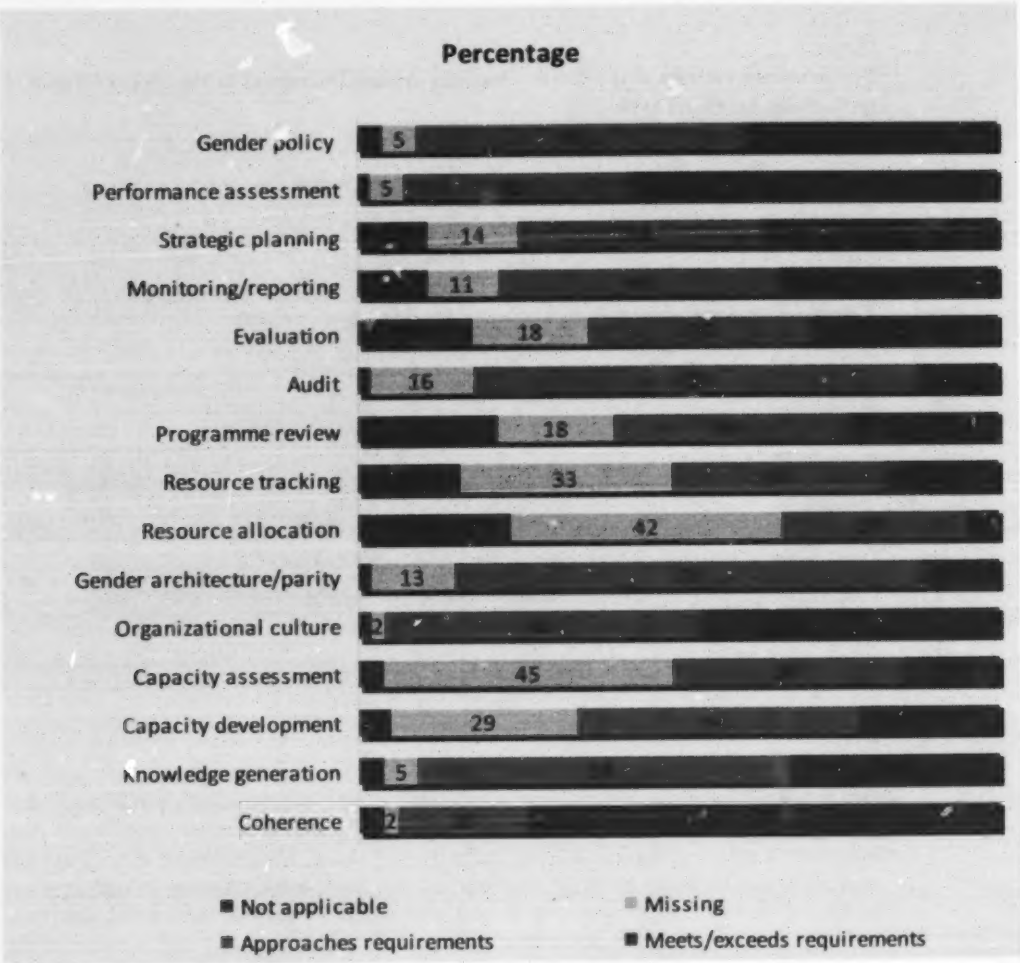
11. As shown in figure I, the United Nations system meets or exceeds requirements in only 31 per cent of ratings on performance indicators,[8] and approaches requirements in another 43 per cent. Considerable, consistent and determined effort is required for a majority of United Nations entities to meet the performance standards by 2017. Further, as the framework requires remedial plans of action for each performance indicator developed by entities where the standards are as yet unmet, it is expected that with greater focus, capacity and resources, the United Nations system can meet the 2017 target. The importance of a majority of entities achieving the rating of "approaches requirements" should not be underestimated: the United Nations system is at a pivotal moment, and can either

[7] For convenience of analysis, IOM was added to the funds and programmes category, UNFCCC to the Secretariat category, and CTBTO and IAEA to the category of specialized entities with a technical focus, as those are the nearest equivalents. Although IOM is not a United Nations entity, it piloted the Action Plan and was closely involved in its development and roll-out. It works closely with the specialized entities and is part of the United Nations country teams in many countries.

[8] Calculations for the United Nations system as a whole are based on 825 individual ratings, that is, 55 entities reporting on 15 performance indicators.

achieve the intergovernmental mandates on which the Action Plan's performance indicators are based, or be perceived to underperform in the critical endeavour of advancing gender equality and the empowerment of women.

Figure II
Distribution of entity ratings, by performance indicator



12. The overall performance of specialized entities, with 48 per cent of ratings on performance indicators meeting or exceeding requirements, suggests that this group is the closest to the Action Plan targets. The United Nations Secretariat (meeting or exceeding requirements in 29 per cent of ratings) and specialized entities with a technical focus (12 per cent meeting or exceeding requirements) should be accorded particular attention in follow-up. The United Nations system as a whole exceeded minimum requirements in only 9 per cent of individual ratings, demonstrating that much improvement is still needed on most fronts.

Strengths

13. "Strengths" refers to areas where 40 per cent or more of the ratings meet or exceed requirements for any given indicator.[9] Performance areas with the strongest ratings were coherence (77 per cent), performance assessment (59 per cent), organizational culture (48 per cent), gender policy (41 per cent) and strategic planning (41 per cent).

14. To meet requirements for coherence, entities need to participate systematically in inter-agency coordination mechanisms on gender equality, and to exceed requirements they need to participate in peer reviews, designed as entity-to-entity learning and accountability exercises. Twenty-two per cent of entities have already committed to peer reviews, demonstrating the positive contribution of the Action Plan to coherence and knowledge exchange.

15. With regard to performance assessment, to meet requirements entities need to have integrated an assessment of gender equality into core values and/or competencies for all staff, with a particular focus on levels P-4 or equivalent and above, and to exceed requirements they need to have in place a system of recognition for excellent work promoting gender equality. Eighty-two per cent of reporting Secretariat entities met or exceeded requirements, compared with 60 per cent of specialized entities, 50 per cent of funds and programmes, and none of the specialized entities with a technical focus. Further, despite the importance attached to rewarding good performance in the Secretary-General's reports on accountability (e.g. A/64/640), only two entities had incentives in place for excellent work promoting gender equality and the empowerment of women.

16. In respect of organizational culture, entities need to meet seven requirements, including enforcement of regulations on ethical behaviour and work-life balance; facilitative policies on leave; and prevention of discrimination and harassment. While the overall United Nations system results are relatively positive with respect to this indicator (47 per cent meeting or exceeding requirements), it remains unclear whether the performance rating benefits from a more favourable interpretation by entities than actual conditions warrant. To exceed requirements, senior managers need to demonstrate leadership regarding the equal representation of women. Only 16 per cent did so.

17. In the area of gender equality policy, to meet requirements entities need to have an up-to-date gender equality policy in place, including an implementation plan, and to exceed requirements entities need to have in place a specific senior-level accountability mechanism. Of all reporting entities, 13 per cent had developed policies or plans aligned with the Action Plan in 2012, and a further 20 per cent are expected to do so in 2013.[10] Of the funds and programmes, 86 per cent had a gender equality policy, and the rest were working on introducing one. To further drive this trend, UN-Women has prepared guidance on developing gender equality policies aligned with the Action Plan; it is anticipated that most of the

[9] "Not applicable" cases were omitted from the strengths and weaknesses analysis, as indicators deemed not applicable by entities cannot be considered either strong or weak. All figures are for the "meets requirements" and "exceeds requirements" ratings combined. To calculate percentages, the total number of "meets" and "exceeds" ratings for each indicator was divided by the total number of ratings for each indicator minus the number of "not applicable" ratings.

[10] During the roll-out of the Action Plan it was agreed that all entity reporting data would be confidential, so findings are presented in aggregate form.

entities in the United Nations system will have developed such policies by 2017. Of particular note was the introduction of mandatory compliance with reporting under the Action Plan into the Secretary-General's compacts with senior managers in the Secretariat in 2013, demonstrating commitment to accountability.

18. To meet the requirements for strategic planning, entities need to include adequate gender analysis and at least one specific outcome or expected accomplishment and one specific indicator related to gender equality and the empowerment of women in their central strategic planning document. While the ratings for this indicator were relatively positive (41 per cent met or exceeded requirements), adequate gender analysis in strategic planning documents is missing for the majority of United Nations system entities, and only 14 per cent of entities included more than one indicator on gender equality in their central strategic planning document. More positively, however, 43 per cent of the entities that missed or approached the requirements for this indicator will be developing new strategic planning documents for 2014 and beyond, creating opportunities for a stronger presence of a gender perspective in future strategic planning documents.

Weaknesses

19. "Weaknesses" are understood to be areas where 25 per cent or less of the total ratings met or exceeded requirements for any given indicator. Performance areas with the weakest ratings were resource allocation (7 per cent); gender architecture and parity (13 per cent); audit (13 per cent); capacity assessment (15 per cent); resource tracking (22 per cent); and capacity development (23 per cent). All of these areas require urgent attention across the United Nations system.

20. To meet requirements under resource tracking and allocation, entities need a financial resource tracking mechanism (e.g. a gender marker) to quantify the disbursement of funds that promote gender equality; and, for the resource allocation indicator, a financial benchmark for resource allocation for gender equality and women's empowerment needs to be established and met. Reporting showed that only 22 per cent of entities have a resource tracking mechanism in place. However, there have been significant recent advances in relation to tracking resources, including the United Nations Development Group (UNDG) gender equality marker guidance note produced by the subgroup on accounting for resources for gender equality, co-led by the United Nations Development Programme (UNDP) and the United Nations Children's Fund (UNICEF), under the auspices of the UNDG Task Team on Gender Equality; the gender marker introduced by the Inter-Agency Standing Committee in 2009 to be used for humanitarian assistance; and the Action Plan finding that 13 per cent of entities are in the process of introducing a gender marker. Sixteen per cent of entities rated the need for resource allocation as not applicable, including nine Secretariat entities, and 24 per cent noted that resource tracking was not applicable, including eight Secretariat entities, suggesting there may be ambivalence surrounding the introduction of gender markers in some quarters.

21. In the area of gender architecture and parity, entities need to meet three requirements: gender focal points appointed from staff at the P-4 level and above, with written terms of reference and at least 20 per cent of their time allocated to functions relating to gender equality and empowerment of women; equal representation of women for General Service staff and at levels P-4 and above; and full resourcing of the department or unit for gender equality and empowerment of

women. For the first requirement, an overwhelming majority of entities had gender focal points or equivalents in place (89 per cent). However, the strength of this part of the gender architecture was undermined by their lack of seniority (only 54 per cent reported that the majority of their focal points were at the P-4 level or above) and of formalization of their functions (only 52 per cent had written terms of reference and 33 per cent allotted at least 20 per cent of their time to focal-point duties). This raises concerns, in view of the numerous General Assembly resolutions, such as resolutions 64/141 and 65/191, in which the Assembly has called on the Secretary-General to ensure that focal points are designated at a sufficiently high level and enjoy full access to senior management. Seventy-eight per cent of entities had not achieved parity at the P-4 level and above, while 53 per cent had achieved gender balance at the General Service level. Only 5 per cent of entities reported on resourcing for their departments or units for gender equality and empowerment of women.

22. To meet audit requirements, consultation within entities needs to take place between the audit department and gender focal point or department on risks related to gender equality, as part of the annual planning cycle for risk-based audit. While the rating for audit was relatively poor, the dialogue promoted by the Action Plan constitutes the first systematic exchange between the United Nations system's audit and gender equality communities. The Representatives of Internal Audit Services of the United Nations Organizations and Multilateral Financial Institutions led the development of the audit performance indicator, and while few United Nations entities currently meet the requirement, 11 per cent indicated that they are planning to do so over the next year.

23. To meet the requirement on capacity assessment, entities need to carry out an entity-wide assessment of the capacity of staff at the headquarters, regional and country levels in gender equality and the empowerment of women, and establish or update a capacity-development plan every five years. For the indicator on capacity development, ongoing mandatory training for all levels of entity staff at headquarters, regional and country offices was required. In his 2007 report on mainstreaming a gender perspective (E/2007/64), the Secretary-General found that "in most United Nations entities, capacity-building for gender mainstreaming remains primarily ad hoc and voluntary", that "staff members have no incentive to participate in training" (para. 12) and that "woefully insufficient funding for capacity development in gender mainstreaming remains a major challenge across the United Nations system" (para. 64). The Action Plan found limited improvement since 2007, with just over one in five United Nations entities, mainly the funds and programmes and specialized entities, now providing mandatory training for all staff, and only two providing tailored training to senior managers during orientation, meaning most managers may not have adequate capacity. The general training course being finalized by UN-Women, in consultation with the Inter-Agency Network on Women and Gender Equality, will provide added options for mandatory training for all staff. On the basis of entity comments in their reporting, the system would also benefit from the development of a generic capacity-assessment tool.

C. Entity remedial plans of action and qualitative reporting

24. Where indicators are not met, reporting under the Action Plan requires the submission of remedial plans, including timelines, resources and responsibility for follow-up action. These plans are a central part of internal and external dialogue to

address gaps and challenges. Remedial plans of action offer multiple opportunities for improvement across the United Nations system; they provide data on how close individual entities and the United Nations system are to meeting or exceeding requirements by indicator, drawing attention to the areas where entities need to focus attention and the system needs to invest.

25. Analysis by UN-Women of the remedial plans revealed that, overall, their quality could be strengthened: 34 per cent were considered of good quality, 22 per cent adequate and 44 per cent inadequate, meaning that close to half of the plans were not deemed to provide a basis for following up on shortfalls.[11] Underlying reasons for inadequate remedial plans may include relatively greater focus by reporting staff on advocacy for commitment rather than on familiarization with reporting tools and requirements, and inadequate time to reach consensus and obtain the approval of senior management on timelines, resources required and responsibilities. It is expected that staff will now have a greater understanding of reporting requirements, following the baseline round of reporting, and that consequently these factors will mostly be overcome in the next round of reporting, for 2014.

26. Mandatory reporting on additional resources required to improve performance for each indicator constituted the most challenging element identified in Action Plan reporting and the consultations surrounding it. In 52 per cent of cases where entities did not meet requirements, they also failed to provide the resources required for remediation. In the reporting for 2014, greater specificity is needed as to what follow-up resources are required for some indicators, along with greater detail about what follow-up actions will be undertaken where requirements are not being met.

27. Nevertheless, entities reported 127 individual activities that would be undertaken mainly as a result of the Action Plan. The top areas of activity were development and implementation of gender equality policy, capacity assessment and development, and financial resource tracking and allocation.

28. Significantly, in 85 per cent of cases staff other than the gender focal point or unit were designated as responsible for follow-up in remedial plans. This demonstrates that the new model, incorporating a strengthened network of responsibility and accountability spread more widely throughout the organizations, is taking hold. Of equal significance is the increased engagement of senior managers, as promoted throughout the Action Plan process.

29. For entities that did report on resources required, the total funding requirement to meet all performance indicators, across all reporting entities, came to some $28 million. Greater attention to ensuring the accuracy of this figure in the next round of reporting will be important. The main areas identified for additional resource requirements by performance indicator, across all reporting entities, included development and implementation of policies ($7.7 million), gender architecture and parity ($5.7 million) and capacity development ($4.6 million). This prioritization of funding correlates with key factors leading to organizational change that supports gender equality and the empowerment of women. Some areas of the

[11] Good: all elements of remedial plan covered and full details for progress provided. Adequate: all or most elements of remedial plan covered and details for progress provided in the majority of cases. Inadequate: one or two elements of the remedial plan covered and/or details for progress not provided in the majority of cases.

Action Plan appeared to require improved organizational practice rather than a significant investment of funds.

30. Factors most critical for progress, as identified in the qualitative comments provided by 39 reporting entities, included:

- Commitment of senior management (51 per cent)
- Endorsement of a gender equality policy (15 per cent)
- Adequate staffing, resources and capacity for promoting gender equality (13 per cent)
- Clarity of responsibility and accountability for the work of the organization on gender equality and the empowerment of women (13 per cent)

31. Weaknesses in the above areas seriously impeded progress. The findings of the reporting exercise substantiate at the system-wide level numerous reviews within individual entities.

III. Mainstreaming a gender perspective into all operational mechanisms

32. In its resolution 2012/24, the Economic and Social Council requested the United Nations system to continue to work to better align gender equality programming with national priorities with the aim of integrating gender perspectives into policies, legislations and programmes. The General Assembly, in its resolution 67/226, entitled "Quadrennial comprehensive policy review of operational activities for development of the United Nations system", underscored the centrality of gender equality and the empowerment of women in United Nations operational activities for development. It requested the United Nations system to increase investment and focus on gender equality work and to use several instruments, such as the UNDG performance indicators on gender equality (gender scorecard) and gender markers to enhance accountability for such work. Additionally, the United Nations system has adopted gender equality as one of the five programming principles in the planning of its operational activities through the United Nations Development Assistance Frameworks (UNDAFs).[12] The aim is to ensure that gender equality and women's empowerment are recognized and addressed in all substantive programming.

33. The present section places special emphasis on assessing progress in mainstreaming a gender perspective at the country level, including through the UNDAFs. It draws on the 123 annual reports of the resident coordinators for 2012, as well as other sources.

A. Alignment of gender equality programming with national priorities

34. It has been found that 80 per cent of governments agree that the activities of the United Nations are generally closely aligned with national development needs

[12] See Angela Bester, *Results-Based Management in the United Nations Development System: Progress and Challenges*, final report prepared for the Department of Economic and Social Affairs for the quadrennial comprehensive policy review (July 2012).

and priorities.[13] Although the annual reports of resident coordinators do not represent a comprehensive inventory of the work of the United Nations country teams, they are important tools to promote accountability and a valuable source of information for defining trends in programming work. The 2012 annual reports of resident coordinators showed that the country teams had provided support for advancing national gender equality priorities, including in ending violence against women (114 reports), reproductive health (79), HIV/AIDS (79), women's political participation (51) and education (52). Also, 62 reports noted efforts to fully integrate gender equality into national strategy documents, including national development strategies and poverty reduction strategies, compared with 17 in 2004.

35. In 73 countries the United Nations supported national women's machinery, including in the implementation of national policies and action plans on gender equality. For example, the United Nations country team in Lebanon supported the National Commission for Lebanese Women in developing the operational plan for the National Women's Strategy. In Colombia, the Presidential Advisory Office for the Equality of Women, in coordination with the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women), UNDP, the Office of the United Nations High Commissioner for Human Rights (OHCHR), the United Nations Population Fund (UNFPA) and the Office of the United Nations High Commissioner for Refugees (UNHCR), designed the first-ever public policy on gender.

B. Coordination mechanisms at the country level

36. Coordination plays a major role in placing gender equality at the centre of United Nations joint programming and strengthening effectiveness in the field. Since the mid-1990s, the United Nations system has enhanced programmatic coordination through the creation of UNDG, the strengthening of the resident coordinator system, including the United Nations country teams, and the introduction of the common country assessment and the United Nations Development Assistance Framework.[14]

37. UNDG aims to ensure that the United Nations development system delivers high-quality support to countries seeking to attain internationally agreed development goals, including the Millennium Development Goals. In response to General Assembly resolution 67/226, the Secretary-General's Five-Year Action Agenda and the evolving international development and cooperation environment, the UNDG Advisory Group launched its Common Strategic Priorities for 2013-2016, among which increased investment in and focus on gender equality-related results are promoted as prerequisites for reaching the Millennium Development Goals and the internationally agreed development goals.

38. Resident coordinators lead more than 130 United Nations country teams as key drivers of the system-wide coherence of operational activities for development.[15] General Assembly resolution 67/226 underscores the importance of ensuring system-wide coherence in both programmatic and operational terms, and reaffirms that system-wide coherence helps to promote greater attention to gender equality

[13] A/67/93-E/2012/79, para. 110.
[14] A/67/93-E/2012/79, para. 77.
[15] Ibid., para. 84.

and the empowerment of women in the United Nations system's programming, advocacy and policy work at the national level.

39. Evaluations and reports agree that joint programmes, when well coordinated, contribute to the expansion of multisectoral engagement and awareness of the importance of gender equality issues in achieving development results.[16] According to the annual reports of resident coordinators for 2012, 115 United Nations country teams had gender equality joint initiatives in 2012, up from 105 in 2010 and 43 in 2004; 99 country teams made gender equality a key element in their workplans, up from 49 in 2004; and efforts focused on developing strong gender equality components in UNDAFs in 57 countries.

40. In undertaking its system-wide coordination mandate, UN-Women is present in all eight "Delivering as one" pilot countries, contributing to the promotion of accountability, strategic advocacy and communications "in one voice" on gender equality issues within the country teams. The "Delivering as one" initiative involves delivering better support to countries and development processes, including on cross-cutting issues such as gender equality. The multisectoral approach leads to greater awareness of how gender issues are relevant to the effectiveness of development in different sectors and improved planning to address gender inequality in a coordinated manner. Nevertheless, the independent evaluation of lessons learned from the "Delivering as one" initiative[17] concluded that effectively promoting gender equality and women's empowerment still requires the full commitment of management, adequate staff incentives and monitoring of results.

41. There are currently 113 gender theme groups[18] around the world, of which 62 are led or co-led by UN-Women. Gender theme groups bring together representatives of United Nations entities working on gender equality at the country level, thus promoting increased inter-agency coordination and allowing greater visibility of gender equality issues within the overall United Nations development agenda at the country level.

42. The gender theme groups aim to mainstream gender equality into the development agenda, advocating for more equitable legal and policy environments, and implementing and monitoring national gender equality priorities. They also improve reporting on the Committee on the Elimination of Discrimination against Women and implementation of the Committee's concluding observations. For example, in Belarus the gender theme group advocates for gender mainstreaming in programming work, with special attention to the implementation of the Committee's recommendations, and in 2012 it supported the monitoring and evaluation of gender mainstreaming in national development plans. In the Islamic Republic of Iran the gender theme group organized a series of participatory workshops and individual meetings in 2012 to identify entry points for mainstreaming gender perspectives in the UNDAF for 2012-2016. It also prepared a database on national, regional and international consultants specialized in gender-related issues, mainly in Islamic contexts, and a checklist for entry points for gender mainstreaming in projects of United Nations agencies.

[16] See UNW/2013/1.

[17] See United Nations, *Independent Evaluation of Delivering As One: Main Report* (New York, 2012). Available from www.un.org/en/ga/deliveringasone/pdf/mainreport.pdf.

[18] In 2010 the resident coordinators reported 106 gender theme groups and in 2004 only 37.

C. Financial resources for gender equality programming

43. In its resolution 2012/24, the Economic and Social Council requested the United Nations system to ensure that the various accountability mechanisms in place promoted more coherent, accurate and effective monitoring, evaluation and reporting on the tracking of gender-related resource allocation and expenditure, including through the promotion of the use of the gender markers.

44. In supporting the UNDG gender equality marker guidance note under the auspices of the UNDG Task Team on Gender Equality (see para. 20 above), UN-Women draws on its experience in assisting more than 65 countries through gender-responsive budgeting initiatives to incorporate gender perspectives into their public finance management systems.

45. At the country level, the adoption of the gender marker or other financial tracking tools helps to improve the effectiveness of development assistance targeted to gender equality and women's empowerment. In Nepal, the United Nations Peace Fund for Nepal is committed to meeting the target of the Secretary-General's seven-point action plan for women's participation in peacebuilding in post-conflict settings, for which 15 per cent of all United Nations peacebuilding funding should be allocated to gender-responsive peacebuilding initiatives.

46. Partnerships and resources are critical for leveraging and supporting the gender equality work of the United Nations system, including at the country level. The annual reports of resident coordinators for 2012 highlighted efforts to mobilize funds for joint programmes. The United Nations country team in Eritrea commenced the formulation of a joint resource mobilization strategy within the UNDAF. In Ethiopia, the Governments of Norway and Sweden signed agreements to contribute $3.17 million and $1.5 million, respectively, to the Gender Equality and Women's Empowerment Joint Programme for the next three years. UN-Women partnered with the United Nations Capital Development Fund on a gender-equitable development programme in Mozambique, Rwanda, Sierra Leone and the United Republic of Tanzania.

D. Human resources

47. The UNDG Task Team on Gender Equality undertook an exercise, facilitated by UN-Women, to map personnel working on gender equality throughout the United Nations system both at headquarters and in the field, including gender focal point staff[19] and gender specialists or advisers.[20] The mapping is aimed at better supporting United Nations system activities on and investments in gender equality.

48. Information for the mapping was compiled through two surveys requesting data on human and institutional resources for 2012. Country-level surveys were sent to 138 resident coordinator offices for the compilation of country-specific data, while headquarters-level surveys were sent to members of the Inter-Agency

[19] Staff or personnel without a specific reference to gender-related functions in their job description or terms of reference and who spend less than 50 per cent of their time on gender issues.

[20] Staff or personnel who have a specific reference to gender-related functions in their job description or terms of reference and who spend 50 per cent or more of their time on gender issues.

Network on Women and Gender Equality requesting data on each of the fifty-seven United Nations headquarters, regional and liaison offices.[21]

49. From preliminary findings based on responses from 125 out of 138 United Nations country teams and the vast majority of United Nations entities at the headquarters level, it is estimated that there are 2,923 Professional staff in the United Nations system performing gender-related functions as part of their job responsibilities. Extrapolating from the responses received from the United Nations country teams, nearly 3,102 Professional staff are working on gender issues throughout the United Nations system,[22] approximately 70 per cent of whom are based in country teams and 30 per cent at headquarters and liaison or regional offices.

50. Despite the significant number of staff working on gender equality issues in the United Nations system, in total they constitute only 7.9 per cent of United Nations staff (Professional and higher levels) and personnel working on development programming. This reflects limited growth since 2003, when they were estimated to constitute 7.4 per cent of staff at the Professional and higher levels.[23]

51. In terms of staff grades, the vast majority of gender focal points in United Nations country teams are at the National Professional Officer-C (equivalent to P-3), National Professional Officer-B (equivalent to P-2) and P-3 levels. At headquarters and liaison or regional offices, the majority of gender-specialist staff are National Professional Officer-B, National Professional Officer-C and P-4. It is worth noting that the number of gender specialists or advisers present in country teams is approximately half the number of gender focal points (693 and 1,287, respectively).

52. To better support United Nations system activities on gender equality, the UNDG Task Team on Gender Equality is also working to develop a roster of gender experts within the United Nations system who will be able to provide support services to United Nations country teams in integrating gender equality in common programming. That new roster will be part of the UNDG expert-roster platform and will serve the needs of inter-agency initiatives.

E. Monitoring, evaluation and accountability for programming work on gender equality

53. The United Nations gender equality programming work has benefited from strengthened attention to accountability in gender equality policies and action plans, monitoring and evaluation and internal oversight mechanisms. Gender mainstreaming has increasingly become a cross-sectoral strategy for making gender

[21] The World Bank was the exception. Its Gender and Development unit at headquarters was requested to provide both headquarters and country-level staff data, owing to the exclusion of World Bank data by the United Nations country teams.

[22] Assuming that United Nations country teams are a homogeneous set.

[23] Calculated as a proportion of all staff at the Professional and higher levels of reporting entities, on contracts of one year or more, estimated to be 35,977 in 2011/12 (13,338 in 2003). 2011/12 data for United Nations system entities is based on CEB data as at 31 December 2011 (CEB/2012/HLCM/HR16, tables 1A and 1C); data for Secretariat departments are from A/67/329, annex, table 1.B, as at 30 June 2012. The Professional category includes all staff in the Professional category proper, as well as in the Principal Officer and Director category and in higher-level posts (Assistant Secretary-General, Under-Secretary-General or similar title and executive head).

considerations an integral dimension of the programming work in all UNDAF priority areas. Gender-related outcomes and outputs are accompanied by performance indicators to guide programme design and facilitate monitoring and evaluation after implementation. The annual reports of resident coordinators for 2012 showed that the number of UNDAFs containing references to gender equality in at least one outcome statement increased to 57 in 2012, compared with 48 in 2010 and 41 in 2004. In the United Republic of Tanzania, the Inter-Agency Gender Group undertook a gender analysis of the United Nations Development Assistance Plan results matrix, identifying gender equality priorities across the programming elements. Training and guidance were provided to secure comprehensive adoption of the resultant recommendations.

54. Accountability for gender equality is strengthened by the use of tools such as the UNDG gender scorecard, the gender audit and the gender marker to track resources applied towards gender equality results. In the context of "Delivering as one", the presence of UN-Women has contributed to the implementation by all eight pilot countries of performance indicators and/or gender audits, or established some form of gender marker to assess performance and investment. In Zambia, in 2012 the United Nations country team supported gender audits in line ministries, as well as the undertaking of a national gender perception survey.

55. In 2012, 10 annual reports of resident coordinators highlighted the use of the gender scorecard to track the contribution of common country programming to gender equality. The gender scorecard is aimed at assisting the United Nations country teams in identifying areas in which they are meeting or not meeting minimum standards on gender mainstreaming; stimulating a constructive dialogue within the country teams about the current status of gender mainstreaming; identifying remedial actions where minimum standards are not being met; and supporting the sharing of good practices. The importance of the gender scorecard was recognized by the General Assembly in its resolution 67/226, in which it requested the United Nations development system to strengthen its use as a planning and reporting tool for assessing the effectiveness of gender mainstreaming for use by the country teams in the UNDAF context.

56. Since 2008, 31 countries have completed the exercise of applying the gender scorecard, showing that standards for gender mainstreaming can be effectively set, based on existing United Nations mandates. A review of the first 20 United Nations country teams to complete the gender scorecard during its first three years[24] showed that only 3 of them met the standards in the area of monitoring and evaluation; 6 met the requirement that the UNDAF monitoring and evaluation framework measure progress towards the expected gender equality results at the outcome and output levels; and only 1 country team carried out a dedicated gender equality evaluation or audit. Nevertheless, the review concluded that the scorecard had provided country-level senior managers with a practical tool to assess whether they were meeting United Nations mandates and allowed the establishment of a baseline against which a country team could measure progress and UNDG could identify system-wide strengths and areas for improvement.

57. United Nations entities have also undertaken efforts to strengthen the accountability of staff and managers through the institutionalization of workplans

[24] Review facilitated by UN-Women under the UNDG Task Team on Gender Equality.

and performance appraisals that include objectives related to programming work on gender equality. UNDP developed the Gender Equality Seal, a certification that recognizes good performance of UNDP offices and units to deliver transformational gender equality results. In the International Fund for Agricultural Development (IFAD) Policy on Gender Equality and Women's Empowerment,[25] launched in 2012, a key deliverable for country programmes and projects is the increased capacity of IFAD management and staff at headquarters and in the field to address gender equality and women's empowerment for improved project performance and country-level policy dialogue.

F. Capacity development

58. The United Nations system has made efforts to strengthen internal capacity related to gender equality and the empowerment of women. Web-based courses available to the United Nations system in the development context include the joint course "Gender equality, United Nations coherence and you", developed by UNICEF, UNDP, UNFPA and UN-Women, which is aimed at strengthening gender-programming knowledge and skills required for United Nations programme staff. In the humanitarian context, Inter-Agency Standing Committee's online course "Different needs — equal opportunities: increasing effectiveness of humanitarian action for women, girls, boys and men" provides the basic steps a humanitarian worker must take to ensure gender equality in programming. Entities committed to providing this e-learning course include the Food and Agriculture Organization of the United Nations, the International Organization for Migration, the Office for the Coordination of Humanitarian Affairs, OHCHR, UNFPA, UNHCR, UNICEF, the World Food Programme and the World Health Organization.

59. The number of United Nations country teams investing in their own capacities to support gender-equality advancements has more than doubled – from 24 in 2004 to 58 in 2010 and 64 in 2012. In the Dominican Republic, for example, three internal capacity analyses and a capacity-building programme took place in 2012, with the participation of gender focal points of all United Nations entities. Also, UN-Women and UNICEF conducted a series of workshops on new masculinities, discrimination and violence for all national police staff working at United Nations premises, as well as service employees and drivers, to raise awareness about gender and diversity issues. In the Islamic Republic of Iran, the Gender Working Group organized a series of participatory workshops and individual meetings in 2012 to identify common and individual agencies' entry points within the United Nations system for mainstreaming gender in the UNDAF for 2012-2016. In Suriname, United Nations system gender focal points and other staff were trained on mainstreaming gender into United Nations initiatives, particularly the UNDAF for 2012-2016. United Nations staff were also sensitized on gender, health and leadership issues. Members of the Suriname UNDAF programme coordination groups received gender mainstreaming and results-based management training.

[25] Available from www.ifad.org/gender/policy/gender_e.pdf.

G. Comparable sex- and age-disaggregated data

60. Evidence-based policymaking is a priority area of United Nations country team support to Member States. Building better sex- and age-disaggregated databases and analysis is a means to guide country programming investments, to support programming and results-based frameworks, and to measure progress and impact, including for monitoring Millennium Development Goal indicators.

61. The annual reports of resident coordinators for 2012 reflected the fact that 46 United Nations country teams supported Member States in strengthening capacity for gender analysis and programming, for which access to quality information disaggregated by sex and age is critical. For example, joint programmes have made explicit efforts to improve the availability of sex-disaggregated data at finer levels of detail and the need to harmonize gender-related statistical information from different sectors for analysis. In Kenya, the UNDAF for 2009-2013 stated in its cross-cutting section on gender that all baseline information for the UNDAF would be based on the collection and analysis of sex- and age-disaggregated data, and the output indicators were framed in a gender-sensitive manner. In Jordan, the evaluation of the scorecard in 2012 stressed the use of sex-disaggregated data by the United Nations country team in developing the UNDAF for 2013-2017. This shows that the country team understands the implications of mainstreaming gender in joint programming and that it has an appropriate monitoring and evaluation framework.

62. In 2012 UN-Women, the United Nations Statistics Division, the World Bank and the Organization for Economic Cooperation and Development launched the Evidence and Data for Gender Equality Initiative to generate comparable gender-specific indicators on health, education, employment, entrepreneurship and assets.

IV. Remaining gaps and challenges

63. Member States and the United Nations system increasingly recognize that gender equality and the empowerment of women are requisites for economic growth, poverty eradication and sustainable development and that much progress has been achieved in advancing the gender equality goal. However, gaps and challenges remain.

64. At the corporate level, the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women requires the design of entity-specific remedial plans, including estimates of required financial resources, timelines and responsibility for follow-up, by performance indicator. These plans can be drawn on by entities and regarded as commitments to work towards meeting or exceeding Action Plan requirements, and are vehicles for dialogue and accountability both within entities and across the United Nations system. Follow-up to and implementation of the remedial plans constitute a major challenge and will be reviewed on a six-monthly basis by UN-Women through reporting workshops and interaction with individual entities. Particular attention should be given to entities with multiple or highly technical mandates if the 2017 target is to be achieved.

65. Effective measures for gender equality are critical for enhancing the effectiveness and accountability of the United Nations system. Particular attention should be devoted to developing gender equality policies that are aligned with the Action Plan, strengthening gender analysis in strategic planning documents,

developing and using common resource-tracking mechanisms, incentives for outstanding performance of staff on gender equality and the empowerment of women, providing leadership for the equal representation of women in the United Nations system, including in particular at the P-4 level and above, and appointing gender focal points at senior levels.

66. Other keys to the promotion of gender equality and the empowerment of women are the further consideration of risks related to gender equality and the empowerment of women in annual audit planning cycles, and increased capacity assessment and training. Overall, meaningful progress in implementing the remedial plans under the Action Plan constitutes a major challenge, requiring consistent and constant monitoring and support through reporting workshops, interaction with individual entities and investment of a necessary minimum of resources. In essence, the development and implementation of incrementally resourced and focused remedial plans will determine whether the United Nations system is progressing at an adequate pace towards the 2017 goal.

67. At the level of United Nations country teams, the annual reports of resident coordinators for 2012 reveal that weak institutional capacities, inadequate human and financial resources and lack of political will still hinder the effectiveness of programming work on gender equality. The small number of gender specialists at all levels and the lack of senior staff with expertise in gender equality and women's empowerment constitute a challenge to gender mainstreaming work. Evaluations continue to find that, despite efforts for improvement, gender focal points often have limited background or experience in gender, most perform this role in addition to their other full-time duties, and they often operate in isolation, with no budget to go along with the additional gender equality work.

68. The annual reports of resident coordinators for 2012 highlighted that the lack of adequate, predictable and sustained funding continues to challenge gender equality programming work. Also, the capacity to monitor and track the allocation and disbursement of financial resources is generally weak or non-existent, especially in integrated interventions.

69. While the coherence of the United Nations development system has improved, accountability continues to be hampered at times by weak monitoring of results, limited staff capacity, limited knowledge and undeveloped reporting systems. There are also limitations in the application of results-based management within the United Nations system and specific difficulties in defining gender-related outputs and indicators in complex integrated programming. Nevertheless, it appears that programmes with a specific focus on women are more likely to use sound results-based management techniques and score higher against performance standards than those where gender is one part of a broader initiative.[26]

70. While the gender scorecard is generally accepted, the fact that it is not mandatory and that United Nations country teams do not always include timelines, resources and responsibilities in the follow-up matrix has diminished its potential effectiveness. There is urgent need for capacity development in basic results-based management, and on the centrality of sound programme management to gender mainstreaming outputs and outcomes. Evaluations have found capacity development needs in relation to advocacy, networking or strategically engaging with

[26] A/67/93-E/2012/79, para. 199.

government. Common strategies to target priority populations and issues remain the exception, with the majority of programmes seeking to bring together a set of existing activities under one common umbrella.

71. Resident coordinators continue to stress that, owing to the limited access to sex-disaggregated data at the household level regarding poverty and employment, it is difficult to assess the impact of economic growth in terms of poverty reduction among women and address gender-based disparities in regional development for the purpose of identifying gaps to be addressed through United Nations country team programming. Limited national sex-disaggregated data for the United Nations system remains a major obstacle in the design and monitoring of intervention policies.

V. Conclusions and recommendations

72. The United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women has provided the United Nations system with a vision of what is achievable given dynamic planning, senior management accountability and adequate resources and capacity. Following the endorsement of the Action Plan by the United Nations System Chief Executives Board for Coordination as an inter-agency accountability framework, Member States strongly supported its roll-out and implementation, for example, in Economic and Social Council resolution 2012/24. Furthermore, through its resolution 67/226, the General Assembly contributed to strengthening the United Nations system's common purpose, understanding and impetus with regard to delivering results on gender equality and empowerment of women. This helped to vitalize such work, as evidenced by the consistent engagement and commitment of senior managers and the high levels of reporting on the Action Plan. United Nations staff are now clearer about their responsibilities for their organizations' work on gender equality and the empowerment of women, and senior managers are increasingly accountable, for example, through the senior managers' compacts with the Secretary-General in the United Nations Secretariat. The Action Plan has the potential to facilitate the longer-term strategic planning that the United Nations needs to meet its mandates on gender equality and empowerment of women at the corporate level.

73. At the national level, the review of the annual reports of resident coordinators for 2012 indicates increased efforts to incorporate gender perspectives comprehensively within the United Nations system programming cycle at the country level. Accountability mechanisms for senior managers and staff have also been used to ensure commitment to gender equality development results. The use of results-based management frameworks with targets, outcomes and outputs continues to expand, as a means to improve implementation, monitoring and reporting. The development of indicators and the enhanced use of sex- and age-disaggregated data are reported to be of strategic importance for the work of United Nations country teams and capacity-development programmes for United Nations staff.

74. Despite important progress, more needs to be done to address the gaps and challenges outlined above. The Economic and Social Council may wish to call upon the United Nations system, including the specialized agencies and funds and programmes, to:

(a) Continue to roll out the Action Plan and report on progress made in its implementation, including on entity-specific remedial action plans, as a system-wide accountability mechanism for results achieved in gender equality and empowerment of women;

(b) Invest in remedying the gaps identified through the Action Plan reporting to support progress towards meeting the standards set;

(c) Ensure that the various accountability mechanisms of the United Nations system provide for more coherent, accurate and effective monitoring, evaluation and reporting on gender equality results and on the tracking of gender-related resource allocation and expenditure, including through the promotion of the use of gender markers;

(d) Continue to better align gender equality programming with national priorities across sectors, with the aim of mainstreaming gender perspectives into all legislation, policies and programmes;

(e) Strengthen the coordination of gender-responsive operational activities through existing coordination mechanisms at the country level and in partnership with national stakeholders;

(f) Encourage the United Nations development system to institute greater accountability in evaluations conducted by country teams by including gender perspectives in such evaluations;

(g) Expand and strengthen the use of the UNDG performance indicators on gender equality (gender scorecard) as a planning and reporting tool for assessing the effectiveness of gender mainstreaming for use by the country teams in the context of UNDAF;

(h) Substantially increase the investment in and focus on outcomes and outputs relating to gender equality and the empowerment of women in the UNDAF programmes, including by strengthening the predictability of funding, broadening the donor base and increasing the flexibility of non-core resources;

(i) Encourage the United Nations development system to acquire sufficient technical expertise for gender mainstreaming in programme planning and implementation to ensure that gender dimensions are systematically addressed and, in this regard, draw on the gender equality expertise available in the United Nations system, including at UN-Women, to assist in the preparation of UNDAFs and other relevant programming frameworks;

(j) Encourage the collection, analysis and dissemination of data, disaggregated by sex and age, in a regular and systematic manner, in order to guide country programming, and to support the preparation of organization-wide and country-level documents, such as the strategic, programmatic and results-based frameworks, and to continue to refine their tools for measuring progress and impact.

75. Member States also have a crucial contribution to make to the enhancement of gender mainstreaming across the United Nations system, including encouraging and supporting the system's continued and effective implementation of the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women, through their participation in the governing bodies of entities of the United Nations.